

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

May 25, 2018

A meeting of the Vermont Economic Development Authority convened at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on May 25, 2018 beginning at 9:32 a.m. Those Members of the Authority present were: D. Kurzman, Chair; L. Graves; T. Gallagher; D. Kittell; E. Delhagen (designee for J. Tierney); S. Voigt; M. Snyder; B. Pearce; M. Tuttle and J. Goldstein (designee for M. Schirling). Staff members present were: R. Bradley, Chief Executive Officer; C. Polhemus, Chief Operating Officer; D. Carter, Chief Financial Officer; R. Grzankowski, Director of Operations; T. Porter, Director of Commercial Lending; S. Isham, Director of Agricultural Lending; J. Kimberly, Deputy Director of Agricultural Lending; C. Houchens, Chief Compliance and Loan Review Officer; Senior Loan Officers: A. Curler; J. Conklin and S. Croft; Loan Officers: A. Wood; C. Leonard; E. Paradee and E. Denny; S. Anechiarico, Commercial Credit Analyst and C. Brown, Office Manager. Senior Loan Officer M. Dussault and Credit Specialist P. Fitzgerald participated via phone. Those Members present constituted a quorum.

Minutes of April 27, 2018 Meeting

On a motion by T. Gallagher, seconded by L. Graves, the minutes for the April 27, 2018 meeting were approved by those Members of the Authority present by a vote of 9 to 0 with the Chair abstaining.

CEO Search Committee Report

T. Gallagher updated the Members on the progress of the CEO Search Committee. The Committee is hopeful the new CEO would be able to start in April 2019.

CEO's Report

Legislative – R. Bradley began her report with an update on legislative items:

H.916 – which provides an additional \$20 million in Moral Obligation has been passed by both the House and Senate and currently awaits the Governor's signature.

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H.777 – which gives VEDA an additional water loan program to administer, has been passed by both the House and Senate and currently awaits the Governor’s signature. This new program would be a companion program to the current drinking water program and would allow VEDA to lend to private systems.

2018 Farm Operating Loan Program (FOLP) – in anticipation of the passage of the Budget Bill, VEDA has begun the “Farm Operating Loan Program” (FOLP) to help farmers get spring crops planted.

Digital Marketing Specialist

Next, R. Bradley explained VEDA will be hiring a part-time Digital Marketing Specialist to replace S. Cavanagh, who will be retiring within the year. She noted the position will require depth in IT to bring VEDA up to speed in social and digital marketing.

Compliance

R. Bradley explained C. Houchens would be making a presentation to the Members regarding the revised Compliance Management System.

Loan Review

Next, R. Bradley described the continuing development of VEDA’s loan review program.

Compliance Report

C. Houchens provided the Members with an overview of the Compliance Management System; including Enterprise Risk Management, Board and Senior Management Oversight, Compliance Program and Compliance Audit. She reviewed VEDA’s internal controls and next steps.

Board Financial Summary

D. Carter explained financings approved for the first ten months of FY2018 totaled \$77.118 million; \$1.049 million below budget and \$53.749 million below the same period of FY2017. Loans closed during the first ten months of FY2018 totaled \$152.940 million; \$23.114 million below budget and \$99.64 million above the same period of FY2017.

D. Carter explained Operating Income before fair value adjustment for the first ten months of FY2018 totaled \$697,800 and was favorable to budget by \$1.226 million. Investment Income was favorable to budget by \$31,700. Other Income was unfavorable to budget by \$31,700 due primarily to unfavorable variances in IRB fees and SBA 504 program servicing fees.

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Fixed Rate Refunding

D. Carter explained staff is requesting approval to execute a refunding with TD Bank for \$15,000,000 of currently variable rate debt with a five-year, fixed-rate borrowing. He noted in a rising interest rate environment, fixing the cost on liabilities that fund variable-rate loans will improve net interest margin as loan rates rise and borrowing costs are fixed. He continued, explaining how the proposed borrowing increases the overall cost of funds by 0.05% and at 3.45%, the fixed-rate borrowing for five years is 0.71% greater than VEDA’s variable cost of funds. He noted a resolution from bond counsel will be forthcoming.

On a motion by S. Voigt, seconded by B. Pearce, those Members of the Authority present approved the fixed rate refunding with TD Bank by a vote of 9 to 0 with the Chair abstaining.

Board Loan Committee – Approvals

The following loans have been approved by the VEDA Board Loan Committee.

Name	Town	Program	Loan Amount
Manufacturing Solutions, Inc. and Sunrise Development LLC	Morrisville	Subchapter 4	\$3,634,000
Black Bay Ventures X, LLC	Colchester	Subchapter 5	\$1,500,000

Staff Authority – Loan Approvals

Pursuant to a resolution passed by the Members of the Authority at the July 29, 2016 meeting, Staff has approved the following loans:

Name	Town	Program	Loan Amount
Mansfield Heliflight International, LLC	Milton	Energy	\$195,275 and \$ 97,637
Bove Brothers Solar, LLC	Milton	Energy	\$ 91,494 and \$ 45,747
Hotel Sportiva Stowe LLC	Stowe	Subchapter 5	\$500,000

Staff Authority – Other Business

Staff presented the Members with the Internal Other Business memo.

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Staff Authority – Other Affiliate Programs – Loan Approvals

Pursuant to Affiliate Program agreements and Memorandums of Understanding, Staff recommends the following loan. (Note BRF – Brownfields Revitalization Fund; DWRSLF – Drinking Water State Revolving Fund; WCEDP – Windham Community Economic Development Program)

Name	Town	Program	Loan Amount
Colonial Estates Condominium Association, Inc.	Fairfax	DWSRLF	\$37,983

There being no other business to properly come before the Authority, on a motion by L. Graves, seconded by B. Pearce, the meeting adjourned at 10:15 a.m.

ATTEST:

Vermont Economic Development Authority

By: _____
Rosalea W. Bradley, Chief Executive Officer