

VERMONT ECONOMIC DEVELOPMENT AUTHORITY
LOAN COMMITTEE

Minutes

May 11, 2018

A telephonic meeting of the Vermont Economic Development Authority's Loan Committee originated at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on May 11, 2018 beginning at 9:00 a.m. Those Members of the Committee present in VEDA's Burlington offices were: D. Kurzman, Chair and T. Gallagher. Committee Members L. Graves; T. Richards; E. Delhagen (designee for J. Tierney) and M. Tuttle participated via phone. Staff members present in VEDA's Burlington offices were: R. Bradley, Chief Executive Officer; C. Polhemus, Chief Operating Officer; D. Carter, Chief Financial Officer and C. Brown, Office Manager. Staff members present via phone were: S. Buckley, Senior Commercial Loan Officer and M. Wheeler, Senior Commercial Loan Assistant. Committee Member J. Snow entered the meeting later. Committee Members W. Patten, B. Pearce and A. Eastman joined the meeting later via phone. Those Committee Members present constituted a quorum.

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On a motion by T. Gallagher, seconded by L. Graves, the minutes for the April 13, 2018 Loan Committee Meeting were approved by those Members of the Committee present by a vote of 5 to 0 with the Chair abstaining.

At 9:01 a.m. J. Snow entered the meeting

Black Bay Ventures X, LLC – Colchester – Subchapter 5 – \$1,500,000

D. Blow explained Black Bay Ventures X, LLC of Colchester is requesting \$1,500,000 in Subchapter 5 financing. The loan will be secured by a mortgage on project land and buildings located in Colchester, Vermont, a security interest in all the borrower's project now owned and hereafter acquired business assets, and a personal unlimited guaranty of one of the primary members.

At 9:03 a.m. W. Patten and B. Pearce joined the call.

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At 9:04 a.m. A. Eastman joined the call.

After discussion regarding market capacity and volatility for this type of business, strength of guarantors and the overall project, on a motion by J. Snow, seconded by T. Gallagher, the above loan request was approved by those Members of the Committee present by a vote of 9 to 0 with the Chair abstaining.

After thoroughly reviewing the loan request, VEDA staff has made the following determinations per 10 V.S.A. § 262:

- (1) The project is within the scope of this chapter and will increase or maintain employment and expand the economy of the State;
- (2) The project plans comply with all applicable environmental, zoning, planning, and sanitary laws and regulations of the municipality where it is to be located and of the State of Vermont;
- (3) The making of the loan will be of public use and benefit;
- (4) The proposed loan will be adequately secured by a mortgage on real property or equipment, or both;
- (5) The principal obligation of the Authority's mortgage does not exceed \$1,500,000.00 which may be secured by land and buildings or by machinery and equipment, or both; unless an integral element of the project consists of the generation of heat or electricity employing biomass, geothermal, methane, solar, or wind energy resources to be primarily consumed at the project, in which case the principal obligation of the Authority's mortgage does not exceed \$2,000,000.00, which may be secured by land and by buildings, or machinery and equipment, or both; such principal obligation does not exceed 40 percent of the cost of the project; and the mortgagor is able to obtain financing for the balance of the cost of the project from other sources as provided in the following section;
- (6) The mortgagor is responsible and able to manage its responsibilities as mortgagor and owner of the project;
- (7) The mortgage has a satisfactory maturity date, in no case later than 20 years from the date of the mortgage;
- (8) The mortgagor is unable to finance the project upon reasonable terms without the assistance of the requested loan from the Authority, or in the alternative, the granting of the loan will serve as a substantial inducement for the establishment or expansion of an eligible project within the State;
- (9) The mortgagor has made adequate provision for insurance protection of the project while the loan is outstanding; and
- (10) The loan will be without unreasonable risk of loss to the Authority. Such findings when adopted by the Authority shall be conclusive.

Sunrise Development LLC and Manufacturing Solutions, Inc. – Morrisville – Subchapter 4 IRB Inducement – \$3,634,000 and Subchapter 5 – \$1,500,000

S. Buckley explained Sunrise Development LLC and Manufacturing Solutions, Inc. of Morrisville are requesting a \$3,634,000 Subchapter 4 inducement and a \$1,500,000 Subchapter 5

loan. The loans will be secured by junior mortgages on real estate properties in Morrisville and Newport, Vermont.

Discussion followed concerning both loan requests. After discussion regarding job creation and growth, company clients, possible collateral change and the reasons for these requests, on a motion by J. Snow, seconded by T. Gallagher, the following Subchapter 4 IRB inducement resolution was approved by those Members of the Committee present by a vote of 7 to 0 with the Chair, B. Pearce and E. Delhagen abstaining. It was decided by those Members of the Committee present to table the Subchapter 5 loan request.

Inducement Resolution

WHEREAS, the State of Vermont, acting by and through the Vermont Economic Development Authority (the "Authority"), is empowered to assist in the financing of industrial development facilities through the issuance of industrial revenue bonds pursuant to Title 10 V.S.A., Chapter 12 (the "Act"); and

WHEREAS, for purposes of Subchapter 4 of the Act, facilities for the conduct of any trade or business which is eligible for tax-exempt financing under the United States Internal Revenue Code of 1986, as amended (the "Code") are deemed to be eligible facilities; and

WHEREAS, Sunrise Development, LLC and Manufacturing Solutions, Inc. (hereinafter with any parent corporation, subsidiary or other business affiliate referred to together as the "Company") have proposed the financing of certain industrial facilities in the town of Morrisville, Vermont described in the Company's application to the Authority for financing and consisting generally of the following (the "Project"):

The construction of a 94,000 square foot addition as a connector between two existing structures located at 153 and 191 Stafford Avenue; (ii) the upgrading of the facilities' façade and the paving of existing parking areas; (iii) the refinishing of existing office space; (iv) the expansion of employee breakroom/lounge area; and (v) the payment of costs of issuance of the bonds;

WHEREAS, the estimated cost of the Project is approximately \$4,625,963 and the Company has requested that the Authority issue its industrial development revenue bonds under the Act at one time or from time to time in an aggregate principal amount not to exceed \$3,750,000 in order to finance the Project in whole or in part, such bonds to be secured by the obligation of the Company to pay the debt service thereon, and the interest on such bonds to be exempt from federal income taxes by virtue of the provisions of Section 103 and 141-150 of the

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Internal Revenue Code of 1986, as amended and the regulations (collectively, the “Code and Regulations”), as they may now or hereafter exist.

NOW THEREFORE BE IT RESOLVED, THAT:

1. Purpose of Resolution. This resolution is intended as affirmative official action and official intent, as contemplated by the Code and Regulations, toward the issuance of industrial development revenue bonds under the Act to finance the Project and as a declaration of official intent for the reimbursement of Project costs within the meaning of Section 1.150-2 of the Federal Income Tax Regulations.
2. Eligibility for Financing. Based upon the information contained in the Company's application to the Authority for financing, the Project appears to be eligible for financing under the Act. Issuance of the bonds is subject to all requirements of the Act and to the Authority being able to make the findings required by the Act, including a determination by the Authority regarding the priority of financing the Project in relation to the priority for extending financing to other industrial development facilities for which application has been made to the Authority or may be made in the future. Such bonds shall not constitute a general obligation of the State or the Authority nor a pledge of the faith and credit of the State or the Authority but shall be payable solely from the revenues pledged for their payment in accordance with the Act.
3. Further Action Required. This resolution is not a contract or final agreement to issue bonds. The Authority will consider whether to approve the issuance of bonds when the terms of the financing have been finalized and the Authority is in a position to determine that this project should be given priority for the issuance of tax-exempt revenue bonds pursuant to guidelines established by the Authority and by statute.
4. Effective date. This resolution shall take effect upon its adoption.

There being no other business to properly come before the Committee, on a motion by T. Gallagher, seconded by J. Snow, the meeting adjourned at 9:43 a.m.

ATTEST:

Vermont Economic Development Authority
By: _____
Rosalea W. Bradley, Chief Executive Officer