

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Minutes

March 29, 2019

A meeting of the Vermont Economic Development Authority convened at the offices of the Vermont Economic Development Authority, Montpelier, Vermont on March 29, 2019 beginning at 9:36 a.m. Those Members of the Authority present were: T. Gallagher, Chair; D. Kurzman; L. Graves; M. Tuttle; S. Voigt; E. Delhagen (designee for J. Tierney) and B. Pearce. Staff members present were: R. Bradley, Chief Executive Officer; C. Polhemus, Chief Operating Officer; D. Carter, Chief Financial Officer; S. Isham, Director of Agricultural Lending; T. Porter, Director of Commercial Lending; R. Grzankowski, Director of Operations; C. Houchens, Chief Compliance and Loan Review Officer; J. Kimberly, Deputy Director of Agricultural Lending; P. Fitzgerald, Director of Loan Resolution; H. van Gulden, Director of Loan Closing; Senior Loan Officers: S. Croft, J. Conklin, A. Curler and S. Buckley; Loan Officers: A. Wood, E. Paradee, C. Leonard and E. Denny; C. Blais, Commercial Credit Analyst and C. Brown, Office/Facilities Manager. Also present: Thomas Bachman of Gossens Bachman Architects and Barbara Evans of Knight Consulting Engineers, Inc. Member A. Eastman (designee for A. Tebbetts) and Stephanie Smith, Chief Policy Enforcement Officer, Agency of Agriculture, Food and Markets entered the meeting later.

R. Bradley Recognition

T. Gallagher noted House Commerce read a Resolution honoring R. Bradley on the House floor yesterday. B. Pearce noted R. Bradley received a standing ovation from the Committee which is a testament to R. Bradley's achievements.

New Members

T. Gallagher noted three new Members had been appointed to the VEDA Board by the Governor's Office: Ted Foster and Tony Collier will both join the Board in April 2019 and R. Bradley will join the Board in July 2019.

Audit Committee

T. Gallagher explained the Audit Committee had met prior to the regular Board Meeting to review KPMG's audit strategies for FY2019.

Cross House Renovation

C. Polhemus introduced T. Bachman and B. Evans and asked them to update the Board on the proposed renovations to the Cross House. T. Bachman explained the foundation of the building is failing and the recommended course of action would be to lift the building and replace the original stone foundation with concrete. The increased depth on the North side of the building foundation will help to stabilize the slope. He noted the basement contains a great deal of moisture and mold, due to the failing stone foundation. He reviewed for the Members the bid process and the lowest bid amount.

Discussion ensued and C. Polhemus asked if there were other options. T. Bachman explained a new foundation was the recommendation from a stone mason. B. Evans further explained one wall has shifted so the building is no longer sitting on the foundation. She noted there was significant water leakage into the basement and water proofing the current stone foundation was not an option. T. Bachman continued, stating the cost to move the building was significantly more than the proposed renovations. Discussion ensued regarding the possibility of demolishing or selling the building and T. Bachman noted he did not believe the city would approve the permits to have the building demolished.

At 9:50 a.m. A. Eastman entered the meeting. Those Members present constituted a quorum.

Discussion continued regarding the length of time it would take to recover renovation costs, rent potential and the possibility of future space for VEDA.

D. Kurzman made the motion to move forward with the renovations with the lowest contract bid, this motion was seconded by S. Voigt. Discussion continued with M. Tuttle requesting an analysis on spending and what can be recouped by rent. D. Carter will prepare a report.

At 10:00 a.m. B. Evans left the meeting for the remainder of the day.

VEDA Minutes – March 29, 2019

T. Gallagher recommended having the report presented to the Loan Committee at the April 12, 2019 meeting, with the information sent to all Members prior to the meeting. B. Pearce amended the motion to defer voting on the bid for renovations until the April 12th Loan Committee meeting. This motion was seconded by A. Eastman. The above amended motion was approved by those Members of the Authority present by a vote of 7 to 0 with the Chair abstaining.

At 10:05 a.m. T. Bachman left the meeting for the remainder of the day.

Minutes of February 22, 2019

On a motion by S. Voigt, seconded by B. Pearce, the minutes for the February 22, 2019 meeting were approved by those Members of the Authority present by a vote of 7 to 0 with the Chair abstaining.

CEO's Report

R. Bradley's Departure

R. Bradley explained this board meeting is the last for her as CEO and today is her last day at VEDA. She thanked the Members for their time, knowledge and experience to help VEDA succeed. She noted she was pleased to leave VEDA in C. Polhemus' very capable hands.

Legislative Initiatives

Next, R. Bradley explained she and C. Polhemus have been at the Legislature several times to testify on VEDA's broadband initiative. She noted VEDA will continue to work closely with the Agency of Commerce and Community Development and the Department of Public Service as progress is made on this initiative.

Staffing

R. Bradley continued her report noting VEDA was currently in the process of interviewing for the Chief Loan Officer position. She continued by describing recent staffing changes, including Director of Loan Closing, L. Anair's, retirement from VEDA in March after 33 years, and the changes precipitated by her retirement. H. van Gulden has been promoted from Senior Loan Closing Officer to Director of Closing. With this change, the Closing Department has been restructured to fall under the Operations Department and has been divided into Loan Servicing functions and Closing functions to create more efficient service procedures and opportunities for cross-training.

VEDA Minutes – March 29, 2019

At 10:10 a.m. S. Smith entered the meeting.

Planning Meeting

Next, C. Polhemus explained, at the request of the Members, the Planning Meeting will be moved to August 22, 2019.

Building Updates

Middlebury – C. Polhemus explained she, J. Kimberly and C. Brown have met with Brian Carpenter of Champlain Valley Equipment in Middlebury to review plans for new office space in a building to be constructed. She continued, noting this new, updated, site will afford Staff the increased space needed. VEDA should be able to move into this new space in mid-2020.

Resolution: R. Bradley

T. Gallagher read the following resolution recognizing R. Bradley for her dedication and hard work as the VEDA Chief Executive Officer. On a motion by L. Graves, seconded by A. Eastman the following resolution was approved by those Members of the Authority present by a vote of 7 to 0 with the Chair abstaining.

Resolution

WHEREAS, Rosalea “Jo” W. Bradley was a Commercial Loan Officer of the Vermont Economic Development Authority (“Authority”) from May 1989 through November 1993; and

WHEREAS, she assumed the role of Chief Executive Officer in February 1997; and

WHEREAS, in 1997, she led the effort to seek private funding mechanisms for VEDA, enabling the Authority to broaden its lending programs and meet growing demand by borrowing its lending funds in the capital markets; and

WHEREAS, during her 22-year tenure as Chief Executive Officer, she has grown and enhanced the Authority’s lending programs, increasing the Authority’s portfolio from \$65 million to more than \$300 million; and

WHEREAS, she has increased the Authority’s presence throughout Vermont by creating several satellite offices; and

WHEREAS, under Jo Bradley’s leadership and forethought, the Authority’s staff has grown from nine to 48 employees; and

WHEREAS, Jo Bradley ushered the Authority into the age of technology, creating its first website, implementing new information systems, and launching into the world of social media; and

VEDA Minutes – March 29, 2019

WHEREAS, with her involvement as a Member of various boards, she continues to serve the greater Vermont community; and

WHEREAS, her colleagues and partners have a deep respect for her leadership, honoring Jo Bradley with numerous local, state and national awards for her strong leadership and innovation.

NOW THEREFORE BE IT RESOLVED, Jo Bradley will retire on March 31, 2019 and the Members of the Authority, its officers and staff, pay tribute to Rosalea W. Bradley and express to her their gratitude for her dedication, forethought, fearless tenacity and overall awesomeness, and wish her continued good health and happiness in her other pursuits; and

BE IT FURTHER RESOLVED, that a copy of this resolution be recorded in the Minutes of the Authority and a copy be furnished to Rosalea W. Bradley.

Board Financial Summary

D. Carter stated loan approvals for the first eight months of FY2019 totaled \$67.41 million; \$11.08 million above budget and \$3.51 million above the same time period in FY2018. Loans and IRBs closed for the first eight months of FY2019 totaled \$28.14 million; \$54.06 million below budget and \$115.70 million below the same period in FY2018.

D. Carter continued his financial report, explaining Net Operating Income before fair value adjustment for the first eight months of FY2019 was unfavorable to budget by \$272.1 million. Net Interest Income was favorable to budget by \$301.2 million. Other Income was unfavorable to budget by \$358.4 million.

At 10:29 a.m. B. Pearce left the meeting and returned at 10:32 a.m.

Credit Quality Report

D. Carter provided the Members with the Credit Quality Report.

Resolution: Appointment of Manager/CEO

R. Bradley explained the VEDA statute requires C. Polhemus be named Manager of VEDA as she transitions into the role of Chief Executive Officer.

On a motion by A. Eastman, seconded by L. Graves, the following resolution was approved by those Members of the Authority present by a vote of 7 to 0 with the Chair abstaining.

VEDA Minutes – March 29, 2019

Resolution

RESOLVED, that Cassandra Polhemus be and she hereby is appointed Manager and Chief Executive Officer of the Authority effective April 1, 2019 upon the terms and conditions set forth in a Letter Agreement dated February 25, 2019.

Resolution: Loan Document Signing

R. Bradley explained Staff is recommending Renee Grzankowski, Heidi van Gulden and Jennifer Pinsonneault be authorized to sign loan documents.

On a motion by L. Graves, seconded by S. Voigt, the following resolution was approved by those Members of the Authority present by a vote of 7 to 0 with the Chair abstaining.

Resolution

RESOLVED, that pursuant to Article IV, Section 5 of the Authority's Bylaws, Renee Grzankowski, Chief Operations Officer, Heidi van Gulden, Director of Loan Closing and Jennifer Pinsonneault, Senior Loan Closing Officer, be and each of them hereby is authorized to act as the Authority's agent for the purpose of signing, acknowledging and delivering contracts, written documents and instruments, commitments, deeds, mortgages and mortgage discharges, subordinations and all manner of written agreements for and on behalf of the Authority.

Compliance Loan Review Update

C. Houchens presented a compliance and loan review update for the Members. The report included updates on VEDA's Compliance Management System, SBA Reviews and VEDA's Loan Review Program.

Loan Review Report – Small Business Portfolio

Next, C. Houchens explained the 2018 independent loan review report presented to the Members. Discussion ensued regarding the report and various portfolio details. Discussion continued regarding Management's review and recommendations.

On a motion by M. Tuttle, seconded by L. Graves, Management's review of the report and recommendations were accepted by those Members of the Authority present by a vote of 7 to 0 with the Chair abstaining.

VEDA Minutes – March 29, 2019

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
FHS Solar LLC	Jeffersonville	Commercial Energy	\$142,000 \$ 71,800
Caledonia Spirits, Inc.	Montpelier	Commercial Energy	\$ 68,825

Staff Authority – Other Business

Staff presented the Members with the Internal Other Business memo.

Staff Authority – Other Affiliate Programs – Loan Approval

Pursuant to Affiliate Program agreements and memorandums of understanding, Staff has recommended the following loan. (Note BRF – Brownfields Revitalization Fund; DWRSF – Drinking Water State Revolving Fund; LASRF – Local Assistance State Revolving Loan Fund; WCEDP – Windham Community Economic Development Program).

Name	Town	Program	Loan Amount
The Housing Foundation, Inc. (Mobile Acres Mobile Home Park)	Braintree	LASRF	\$ 16,252

Sunrise Development LLC and Manufacturing Solutions, Inc. – Morrisville – Subchapter 4 – Final – \$3,750,000

S. Buckley explained Sunrise Development LLC and Manufacturing Solutions, Inc. of Morrisville are requesting final approval of a \$3,750,000 Subchapter 4 tax-exempt bond.

After discussion regarding the approval of the inducement resolution, project timing, borrower history and the overall project, on a motion by M. Tuttle, seconded by D. Kurzman, the following resolution was approved by those Members of the Authority present by a vote of 7 to 0 with the Chair abstaining.

Resolution

A Resolution Authorizing the Issuance and Sale of up to \$3,750,000 of Vermont Economic Development Authority Revenue Bonds (Sunrise Development, LLC, Series 2019) (the “Bonds”), Approving the Form of Loan and Security Agreement among the Vermont Economic Development Authority (the “Authority”), Sunrise Development, LLC, a Vermont limited liability corporation (the “Borrower”), and Union Bank, as Trustee (the “Trustee”), and other Matters.

BE IT RESOLVED BY THE VERMONT ECONOMIC DEVELOPMENT

AUTHORITY AS FOLLOWS:

1. Based upon the information and documentation submitted to the Authority relating to the proposed (i) construction of a 94,000 square foot addition as a connector between two existing structures located at 153 and 191 Stafford Avenue, Morrisville, Vermont; (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 (collectively, the "Project") for the benefit of the Borrower, including the proposed form of Loan and Security Agreement among the Authority on behalf of the State of Vermont (the "State"), the Borrower and the Trustee dated as of April 1, 2019 (the "Agreement"), and the most recent financial statements of the Borrower, and after giving consideration to the factors enumerated in Section 253(d) of Chapter 12 of Title 10 of the Vermont Statutes Annotated, as amended (the "Act"), the Authority hereby makes the following findings:
 - (a) the Project and its proposed financing are feasible;
 - (b) the acquisition, improvement and operation of the Project will create or preserve employment opportunities directly or indirectly within the State;
 - (c) the Project consist of property of a type which may be financed under Subchapter 4 of the Act;
 - (d) the Borrower has the skills and financial resources necessary to operate the Project successfully;
 - (e) the Agreement contains provisions such that under no circumstances is the Authority or the State obligated directly or indirectly to pay project costs, debt service or expenses of operation, maintenance and upkeep of the facilities except from bond proceeds or from funds received under the Agreement, exclusive of funds received thereunder by the Authority or the State for their own use;
 - (f) the Project plans comply with all applicable environmental, zoning, planning, and sanitary laws and regulations of the Town of Morrisville and of the State;
 - (g) the Agreement does not purport to create any debt of the Authority or the State with respect to the facilities, other than a special obligation of the Authority under the Act;
 - (h) the proposed financing of the Project by the Authority and the proposed operation and use of the facility will preserve or increase the prosperity of the Town of Morrisville and the State, and will promote the general welfare of citizens of the State; and
 - (i) the Project satisfactorily meets the criteria established in the Vermont Sustainable Jobs Strategy adopted by the Governor under Section 280b of the Act.
2. The Chairman, Vice Chairman, Treasurer or Chief Executive Officer of the Authority, or in the event of their absence, illness or other inability to act, any Member of the Authority

VEDA Minutes – March 29, 2019

whom the Chairman or Vice Chairman may designate, is authorized on behalf of the Authority to execute and deliver the Agreement substantially in the form presented to this meeting, which form is hereby approved subject to such changes as may be approved by the signing officer as evidenced by his/her execution of the Agreement.

3. The Chairman or Vice Chairman and the Chief Executive Officer or Treasurer of the Authority are authorized to issue and sell to Union Bank (the “Purchaser”), not exceeding \$3,750,000 of its Revenue Bonds (Sunrise Development, LLC Issue, Series 2019) (the “Bonds”), substantially in the form set forth in the Agreement authorized above, subject to such changes as may be approved by them as evidenced by their execution of the Bonds.
4. The Chairman, Vice Chairman, Treasurer or Chief Executive Officer of the Authority or in the event of their absence, illness or other inability to act, any Member of the Authority whom the Chairman or Vice Chairman may designate, is hereby authorized to fix the date and place for sale of the Bonds to the Purchaser.
5. The Union Bank is hereby designated as Trustee, paying agent and registrar for the Bonds. The principal of and redemption premium, if any, and interest on the Bonds shall be payable as provided in the Agreement.
6. The Bonds shall not be issued by the Authority until the Authority receives the approval of the Governor of the State or his designee and the State Treasurer as required by Section 254 of the Act.
7. In lieu of repeating the terms and provisions of the Agreement, they are incorporated herein by reference, and this Resolution shall be deemed to set forth all such terms and provisions to the extent that such terms and provisions may be set forth or are required to be set forth in this Resolution.
8. The Chairman, Vice Chairman, Treasurer or Chief Executive Officer, or in the event of their absence, illness or other inability to act, any Member of the Authority whom the Chairman or Vice Chairman may designate, is hereby authorized to execute and deliver any other documents and instruments necessary or convenient in connection with the financing and to do all acts and things necessary to carry out the financing and the Project in accordance with the Agreement and otherwise to effectuate the purposes of this Resolution.
9. This Resolution shall take effect immediately.

VEDA Minutes – March 29, 2019

There being no other business to properly come before the Authority, on a motion by B. Pearce, seconded by L. Graves, the meeting adjourned at 11:03 a.m.

ATTEST:

Vermont Economic Development Authority

By: _____
Cassandra F. Polhemus, Chief Operating Officer

DRAFT