

VEDA DIRECT LENDING & JOBS REPORT - FISCAL 2012 TO 2014

(IN MILLIONS OF \$\$)

(IN THOUSANDS OF \$\$)

PROGRAM	# COMP	# LOANS	VEDA CAPITAL	PRIVATE CAPITAL	TOTAL PROJECT	JOBS BEFORE	JOBS ADDED	SUBSIDY USED	SUBSIDY PROJECTED	TOTAL SUBSIDY
COMMERCIAL	47	60	\$41.1	\$190.9	\$232.0	2,239	863	\$641	\$1,965	\$2,606
SMALL BUSINESS	130	152	\$20.9	\$55.9	\$76.8	1,354	900	\$363	\$569	\$932
ENERGY	13	13	\$3.2	\$8.9	\$12.1	9	119	\$17	\$54	\$71
TOTAL	190	225	\$65.2	\$255.6	\$320.8	3,602	1,882	\$1,021	\$2,588	\$3,609

KEY METRICS:

- The \$65.2 million of VEDA funds lent, leveraged an additional \$255.6 million in private capital; a leverage ratio of 3.9 to 1.
- The interest subsidy cost of the Jobs Impacted ('Before' plus 'Added') is \$658 per job impacted.
- The interest subsidy cost of the Jobs Added is \$1,918 per job added.
- VEDA also made 12 loans to Regional Development Corporations totaling \$8.7 million and leveraged \$8.5 million in private capita

NEW VEDA ENTREPRENEURIAL LOAN PROGRAM ("ELP"):

- In FY 2015, VEDA launched its ELP and has approved financing totaling \$1.3 million to 8 to new technology companies as of 12/

VEDA ENERGY PROGRAM IN "HIGH GEAR":

- VEDA's Energy Programs that started in FY 2014, have approved financing totaling \$9.6 million to 18 companies in 18 months
- The Energy Program leveraged an additional \$25.6 million in private capital for a total of \$35.2 in new energy investment.

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Economic Development Partners

Helping your business Start, Grow, Succeed

VEDA's entrepreneurial loan program

Financing for Vermont's seed, start-up and growth-stage businesses

by Jo Bradley, VEDA CEO



Jo Bradley, VEDA CEO

Since its authorization during the 2014 Legislative Session, VEDA's **Entrepreneurial Loan Program** has become an important resource to help meet the financing needs of Vermont-based businesses in seed, start-up and growth stages. Working in partnership last year with the Administration and Legislative Leaders, VEDA created the new program specifically to meet the working capital and capital-asset financing needs of businesses that may not have access to conventional means of financing. All involved in the launch of the **Entrepreneurial Loan Program** recognized that businesses in these early stages of development are a vital source of innovation, employment, and economic growth in Vermont.

A recent VEDA press release tells the story of several businesses that typify the entrepreneurial borrower VEDA is serving through the new program. In one month's time, VEDA approved a total of \$700,000 in working capital financing for businesses poised to create 40 new jobs for Vermonters:

• **KnowledgeWave Training, South Burlington** – \$200,000 to assist in further development of its platform for delivering cost-effective on-demand and instructor-led e-learning and training. KnowledgeWave is a Microsoft-certified learning partner, specializing in delivering education and training on popular business applications (e.g. Microsoft Office, Google Docs, Adobe Suite) to employees of small and medium-sized businesses in the region and around the country. KnowledgeWave now has nine employees, and expects to create sixteen additional jobs at the company within three years of the project;

• **Piematrix, Inc., Burlington** – \$200,000 to help the cloud-based software company fund sales and marketing investments in their business. In existence since 2006, Piematrix software helps organizations improve revenue and effectiveness through better project and process management. The company has ten employees, and expects to grow to 20 employees within three years of the project;

• **Nathaniel Electronics, Vergennes** – \$200,000 to help Nathaniel Group move their newest products to market. In existence since 1984, Nathaniel Group designs, manufactures and services electro-mechanical devices, including medical equipment for surgical applications, as well as cameras and LED and Laser light sources for medical and scientific markets around the world. The company has fifteen full-time employees, and expects to increase that number to 21 within three years of the project; and

• **Patient Engagement Systems, South Burlington** – \$100,000 to help the nationally-recognized healthcare services company enhance clinical and mobile solutions for its patient engagement

programs, expand business development efforts, and build customer service infrastructure. Patient Engagement Systems produces automated patient engagement tools as well as timely clinical analytics and decision support to physicians, care managers, health insurers, health systems and government agencies. These tools enable them to better manage and monitor the health care needs of people with chronic diseases such as diabetes and chronic kidney disease. Patient Engagement Systems has four employees, and the company expects to triple that number within three years of the project.

Businesses in the seed, start-up and growth stages with innovative products and services often are unable to access adequate capital because their primary assets used to secure loans are typically intellectual property or similar nontangible assets. Because of this unique distinction, VEDA's **Entrepreneurial Loan Program** gives

special consideration to businesses that create jobs in strategic sectors, such as the knowledge-based economy, renewable energy, advanced manufacturing, wood products manufacturing, and value-added agriculture. Special consideration is also given businesses that create jobs paying a livable wage, that conduct their businesses in a way that reflects green energy principles, and that are located in specific geographic areas, such as downtowns or industrial parks.

Loans outstanding through the program to any one borrower at any one time may not exceed \$350,000, and typically, the borrower will be required to provide 10% of the total project costs.

For more information about this exciting new financing opportunity, please visit www.veda.org or speak with one of VEDA's experienced Loan Officers by calling 802-828-JOBS.

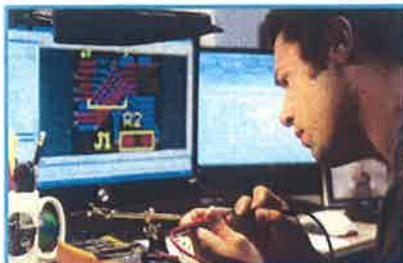
Regional Development Corporations

The Department of Economic Development provides administrative funding to 12 Regional Development Corporations (RDCs) serving every geographic region of the state. These organizations serve as "satellites" of the Department, and they provide many of the same services and can be the first point of contact for businesses in your region.

Addison County Economic Development Corporation
1590 US Route 7, Suite 3
Middlebury, VT 05753
(802) 388-7953
Fax: (802) 388-0119
Robin Scheu
rpscheu@addisoncountyedc.org
www.addisoncountyedc.org

Bennington County Industrial Corporation
PO Box 357
North Bennington, VT 05257
(802) 442-8975
Fax: (802) 447-1101
Peter Odierna
peter@bcic.org
www.bcic.org

RDC's Continued... page 35



VEDA's ENTREPRENEURIAL LOAN PROGRAM

Helping Seed, Start-Up and Early-Stage Businesses Acquire the Financing Needed to Grow and Create Jobs



For more information about how VEDA can help you grow your business, visit www.veda.org or call 802-828-JOBS.

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Since 1974, VEDA has provided over \$2.07 billion in financing to Vermont businesses and farms.

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Since inception, VEDA provides over \$2.07 billion in economic development financing


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by Jo Bradley, VEDA, Chief Executive Officer

In 2014, the Vermont Economic Development Authority (VEDA) celebrated 40 years of helping to enhance economic development financing opportunities for Vermont businesses and farms. Over its 40-year history, VEDA approved 7,395 separate financing instruments totaling over \$2.07 billion, including direct commercial loans of over \$352 million, agricultural loans exceeding \$261 million, and since 1987, small business loans totaling almost \$65 million. These significant achievements would not have been possible without the unflagging efforts of a talented professional Staff, a dedicated Board of Directors, and the strong collaborative relationships the Authority has with the Administration, the Legislature, and Vermont's lenders and economic development partners.



Over the years, VEDA has been called upon to provide innovative and at times, emergency, financing solutions to support the ability of Vermont's commercial and agricultural businesses to grow and thrive. The Authority has:

Made over \$78 million in loans to Vermont local and regional development corporations for industrial parks, incubators, and tenanted spec buildings;

Helped bring Vermont's economy through a deep national recession by launching its Economic Recovery and Opportunity Program, offering \$69 million in loans at the lowest interest rates in VEDA's history;

Helped Vermont businesses access \$1.1 billion in the tax-exempt bond market, including \$135 million in tax-exempt Recovery Zone Facility Bonds, through the American Recovery and Reinvestment Act;

Provided over \$18 million in emergency resources in 2011 to help businesses and farms recover from the severe damages wrought by Tropical Storm Irene and Vermont's other natural disasters; and

Approved over \$27.6 million in loans for energy projects.

Since its beginnings, VEDA has become a vastly different and more robust organization. During the 1974 Legislative session, the functions of three existing industrial development boards were merged to create the Authority -originally named the "Vermont Industrial Development Authority (VIDA)" - and \$1 million was appropriated to support a continuing industrial development focus. In the last 40 years, that statutory focus has been broadened repeatedly to keep pace with doing business in an ever-changing world. Today, the Authority is a self-funded economic development finance lender, providing loans, loan guarantees and revenue bond financing for all types of business projects, both large and small. It has a staff of 34, and its assets are now in excess of \$234 million.

In my seventeen years as the Authority's CEO, I have come to know and rely on the entire VEDA team to manage increasingly complex financing deals in an ever-growing and -evolving Vermont economy. I especially want to thank the VEDA Staff for all they do -- each and every day - to help Vermont's commercial and agricultural businesses create jobs for Vermonters.

Article Image:

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

In the 40 years since the Authority's creation by the Vermont General Assembly, VEDA has provided over \$2.07 billion in financing to Vermont businesses and farms.

"VEDA has been an integral partner throughout our history in Vermont. VEDA provided needed financing in 2007 when we built our current facility. They are stepping up again this year, enabling us to double the size of our headquarters and serve the global industrial PC market from South Burlington."

- Roland Groeneveld

LOGIC SUPPLY

40TH ANNIVERSARY
1974 - 2014

Learn how VEDA can help you grow your business. For more information, ask your banker, visit www.veda.org, or call 802-828-JOBS.

County	Commitment (Millions of Dollars)
Grand Isle	\$126
Franklin	\$121
Orleans	\$81
Essex	\$20
Chittenden	\$634
Lamoille	\$29
Caledonia	\$193
Washington	\$176
Orange	\$70
Addison	\$132
Rutland	\$127
Windsor	\$110
Bennington	\$185
Windham	\$149

Website:

Entrepreneurial Loan Program ("ELP")

VEDA recognizes that Vermont- based businesses in seed, start-up and growth stages are a vital source of innovation, employment, and economic growth in Vermont. This program provides financing to meet the working capital and capital-asset financing needs of Vermont-based businesses that may not have access to conventional means of financing.

Eligibility:

- Vermont-located businesses (sole proprietorships, partnerships, corporations, LLC's).
- Businesses in seed, start-up or early growth stage who do not meet the underwriting criteria of other public and private entrepreneurial financing sources.
- Businesses with innovative products or services that have the potential for long-term organic growth.
- Businesses unable to access adequate capital because the primary assets used to secure loans are typically intellectual property or similar nontangible assets.
- Businesses must demonstrate potential to create/retain employment opportunities for Vermonters.

Use of Proceeds:

- Purchase of capital assets and/or working capital; and
- Refinance existing company debt in early stage companies in certain cases.

Loan Rates and Terms:

- Term of loan is based on assets being financed.
- The Authority may collateralize its loans with mortgages on real estate and/or security interests in Project machinery and equipment, an assignment of customer contracts, and/or a security interest in the company's proprietary technology. Flexibility with regard to collateral will be considered if adequate debt service cash flow coverage can be demonstrated.
- Loans also will generally be guaranteed by any entity or individual who owns or controls 20% or more of the company.
- VEDA's interest rate will be based on VEDA's Base Rate Index, as adjusted from time to time, plus 3.0%.

Special consideration will be given to:

- Businesses that create jobs in strategic sectors, such as the knowledge- based economy, renewable energy, advanced manufacturing, wood products manufacturing, and value-added agriculture.
- Businesses located in a designated downtown, village center, growth center, industrial park or other significant geographic location recognized by the State.

- Businesses that adopt energy and thermal efficiency practices in their operations or otherwise operate in a way that reflects a commitment to green energy principles.
- Businesses that will create jobs that pay a livable wage and significant benefits to employees.

Limitations:

- VEDA may not fund more than ninety percent (90%) of the cost of the Project. Typically, the borrower will be required to provide the remaining ten percent (10%) of the total Project costs.
- The amount of loan outstandings under the ELP program to any one borrower at any one time may not exceed \$350,000.
- Borrowers must maintain operations within the State of Vermont for a minimum of five years from the date the loan is funded, or borrower will be required to repay the loan in full.

Fees:

- 1.25% commitment fee (\$250 minimum and \$2,000 maximum)
- \$50 credit report fee.
- \$18 flood insurance certification (if required).
- Appraisal reimbursement (if applicable).
- Document recording / discharge fees.
- \$100 application fee.

Entrepreneurial Lending Program: Application Process:

- Applicants are advised to discuss their proposed project with VEDA Staff prior to submitting the application.
- Loans may be approved internally by VEDA Staff.
- ELP applications may be downloaded here or obtained from VEDA's office.