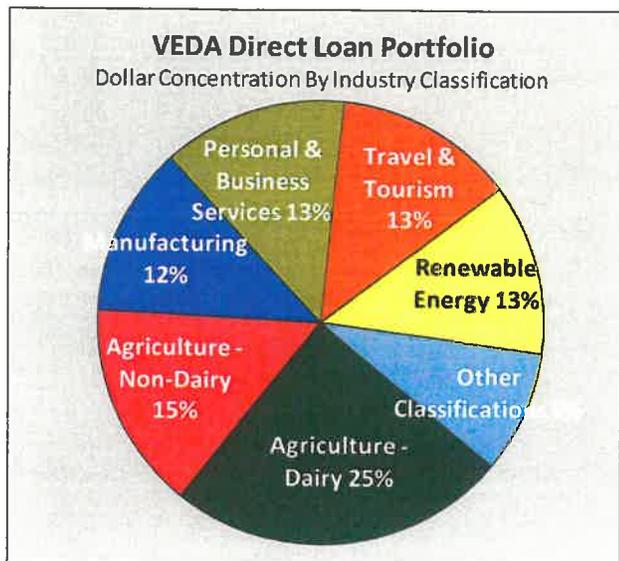


About VEDA

- The Vermont Economic Development Authority (“VEDA” or the “Authority”) was formed in 1974.
- VEDA is the State’s economic development financing authority, a quasi-public entity, not a State agency.
- The Authority is governed by a board of fifteen members. Five are ex-officio including the State Treasurer, Secretary of Commerce and Community Development, Secretary of Agriculture Food and Markets, Commissioner of Forest, Parks and Recreation and the Commissioner of Public Service. The remaining ten members are appointed by the Governor with advice and consent of the Senate.
- VEDA has a staff of 48 finance professionals, administrative and support staff.
- VEDA has over \$300 million in assets and more than \$277 million in loans. The Authority also operates loan programs for the State totaling more than \$20 million.
- The Authority services \$115 million of agriculture loans.
- VEDA’s remaining programs include loans for small businesses, renewable energy projects and for entrepreneurs seeking capital in addition to loans for regional development corporations and many of Vermont’s larger commercial enterprises.
- The Authority funds its lending operations by borrowing from banks and issuing bonds.
- The Authority utilizes \$175 million of State Moral Obligation to enhance VEDA’s credit.
- State appropriations have been used for special State priorities and programs, and then, only for interest-rate subsidies and loan loss reserves - not for lending.



As of December 31, 2018	# Loans	\$\$ in Millions
Agriculture - Dairy	591	\$68.0
Agriculture - Non-Dairy	372	\$42.0
Manufacturing	148	\$34.4
Personal & Business Services	172	\$37.1
Travel & Tourism	144	\$36.1
Renewable Energy	81	\$34.7
Other Classifications	149	\$24.9
Total of All Loans	1,657	\$277.2

- VEDA's **Direct Loan Programs** generally involve one or more of our banking partners. This increases the ratio of private leveraged capital to VEDA dollars loaned. In the past five and one-half fiscal years, VEDA has made \$155 million in direct loans to businesses and leveraged more than \$429 million in private capital.

FISCAL YEAR (Dollar Amounts in Millions)	2014	2015	2016	2017	2018	12/2018	TOTAL
VEDA DIRECT COMMERCIAL LENDING (excludes Industrial Development Bonds):							
\$\$ OF VEDA DIRECT LOANS	\$16.0	\$30.7	\$34.4	\$35.5	\$28.0	\$24.9	\$169.5
\$\$ PRIVATE CAPITAL	\$51.7	\$80.7	\$78.6	\$91.3	\$77.5	\$67.6	\$447.4
\$\$ OF DIRECT LOAN PROJECTS	\$67.7	\$111.4	\$113.0	\$126.8	\$105.6	\$92.5	\$616.9
LEVERAGE RATIO	3.2 TO 1	2.6 TO 1	2.3 TO 1	2.6 TO 1	2.8 TO 1	2.7 TO 1	2.6 TO 1

- VEDA issues **Tax-Exempt Industrial Revenue Bonds** for eligible 501(c)(3) corporations and manufacturers.
- VEDA acts as a **conduit issuer**, thereby enabling borrowers to access the tax-exempt market.
- The bonds may be sold through a public offering or privately placed with financial institutions (usually banks) or other institutional investors.
- The Bonds are not a financial liability of VEDA or the State of Vermont.**

FISCAL YEAR (Dollar Amounts in Millions)	2014	2015	2016	2017	2018	12/2018	TOTAL
VEDA INDUSTRIAL REVENUE BONDS:							
# FINANCINGS MADE	4	5	1	5	9	0	24
\$\$ OF FINANCINGS	\$13.5	\$28.5	\$2.3	\$14.5	\$125.4	\$0.0	\$184.1

- Job creation** has always been at the forefront of VEDA's mission. The companies that VEDA has served have added 3,314 new jobs in the past five and one-half fiscal years.

VEDA EMPLOYMENT DATA:	2014	2015	2016	2017	2018	12/2018	TOTAL
# OF HOURLY JOBS ADDED	491	691	285	322	584	241	2,373
AVERAGE HOURLY WAGE	\$17.09	\$16.08	\$19.54	\$15.61	\$19.36	\$19.32	\$17.45
# OF SALARY JOBS ADDED	404	247	94	82	114	86	941
AVERAGE HOURLY WAGE	\$35.36	\$33.70	\$32.29	\$29.44	\$45.70	\$33.26	\$35.36
TOTAL JOBS ADDED	895	938	380	404	698	327	3,314
AVG HOURLY WAGE OF JOBS ADDED	\$25.34	\$20.72	\$22.70	\$18.41	\$23.67	\$22.99	\$22.53
AVERAGE WAGE w/BENEFITS	\$30.96	\$24.88	\$27.17	\$21.16	\$28.05	\$26.17	\$27.00

- Real estate construction and renovation creates an estimated 1.5 temporary construction jobs (for one year) for every \$100,000 of expenditures. Over the past five and one-half years, \$295 million of projects VEDA participated in, generated an estimated 4,425 in temporary construction jobs.

Project Uses (Dollars in Millions)	2014	2015	2016	2017	2018	12/2018	TOTAL
Construction and Renovations	\$38.6	\$30.7	\$29.4	\$45.4	\$103.4	\$47.5	\$295.0
All Other Uses	\$57.0	\$99.4	\$113.2	\$122.1	\$165.9	\$97.2	\$654.8
Total Projects	\$95.6	\$130.1	\$142.6	\$167.5	\$269.3	\$144.7	\$949.8
Temporary Construction Jobs (1.5x)	579	461	441	681	1,552	712	4,425

- The Authority makes Agricultural Loans through the Vermont Agricultural Credit Corporation (“VACC”). Since fiscal 2014, the VACC has lent \$123 million to more than 700 farms, impacting nearly 2,500 full-time equivalent jobs on Vermont farms.

AGRICULTURAL LOANS	2014	2015	2016	2017	2018	12/2018	TOTALS
# BORROWERS	126	108	171	138	106	61	710
# LOANS	173	139	231	191	158	83	975
\$ OF LOANS (in millions)	\$21.4	\$15.8	\$28.4	\$25.8	\$22.5	\$9.0	\$123
# JOBS IMPACTED	417.5	332.5	618.0	480.0	444.5	235.5	2,528.0

- Since fiscal 2014, VEDA has made \$21.8 million in loans to 58 business start-ups. These companies often have difficulty accessing capital from traditional sources.

BUSINESS START-UP LOANS	2014	2015	2016	2017	2018	12/2018	TOTAL
NUMBER OF BUSINESSES	10	11	9	13	10	5	58
NUMBER OF LOANS MADE	11	12	10	14	11	6	64
VEDA \$\$ LOANED (in millions)	\$3.8	\$5.4	\$3.3	\$2.3	\$4.1	\$3.0	\$21.8
TOTAL PROJECTS (in millions)	\$17.1	\$26.2	\$25.0	\$5.8	\$14.3	\$20.2	\$108.5
PRIVATE LEVERAGE CAPITAL RATIO	3.5 TO 1	3.9 TO 1	6.7 TO 1	1.5 TO 1	2.5 TO 1	5.7 TO 1	4.0 TO 1
FTE JOBS ADDED	28	31	20	28	19	117	243

- In its Entrepreneurial Loan Program, VEDA makes loans up to \$250,000 to entrepreneurs with a good idea and business plan, but few assets to pledge.

ENTREPRENEURIAL LOAN PROGRAM <i>Dollars in Thousands</i>	# ACCTS	# LOANS	VEDA LOAN AMOUNT	TOTAL PROJECT	JOBS ADDED
FY 2014 through 12/2018	13	14	\$2,145	\$3,075	107



Broadband Expansion Loan Program

The Vermont Broadband Expansion Program enables the Vermont Economic Development Authority (VEDA or the Authority) to make loans that expand broadband internet access service to unserved and underserved Vermonters in accordance with the state Telecommunications Plan.

This program may make loans of up to \$1,800,000; however, a loan under the program may not exceed 90% of the project cost. Borrowers are required to provide at least 10% of the project cost.

ELIGIBILITY

Eligible borrowers include units of government, nonprofit organizations, cooperatives, and for-profit businesses.

USE OF PROCEEDS

- Construction costs for new broadband networks or expansion of existing networks
- Working capital

LOAN RATES AND TERMS

- Loan term of up to five years
- Loan amortization of up to ten years
- [Click here for current rates and fees](#)

ADDITIONAL PROGRAM REQUIREMENTS

Before a loan can be made under the program, VEDA must consult with the Department of

Public Service to:

Ensure that the provider offers service at speeds of at least 25 Mbps download and 3 Mbps upload to all customers;

Certify that 33 percent of the provider's potential customers have access to broadband at speeds that are less than 10 Mbps download and 1 Mbps upload; and

Certify that at least 10 percent of the potential customers of a provider have access to broadband at speeds that are less than 4 Mbps download and 1 Mbps upload.

BROADBAND LOAN PROGRAM

Prepared By: Vermont Economic Development Authority

- o The program assumes a total of \$12,000,000 in project costs for six (6) borrowers.
- o The loan proceeds are expected to be used for the materials and installation of fiber-optic cabling, working capital and capitalized interest.
- o VEDA would fund \$10,800,000, or 90% and the remaining 10%, or \$1,200,000 would come from other sources (borrower equity, grants, etc.).
- o The maximum loan amount is \$1,800,000. All loans and corresponding VEDA borrowings are at variable interest rates.

BORROWER PROJECT COSTS:		FUNDING SOURCES:		% OF TOT
MATERIALS, EQUIPMENT AND WORKING CAPITAL	\$12,000,000	VEDA FINANCING	\$11,524,560	91%
CAPITALIZED INTEREST	724,560	EQUITY/OTHER	1,200,000	9%
TOTAL USES	<u>\$12,724,560</u>	TOTAL SOURCES	<u>\$12,724,560</u>	100%

ESTIMATED STATE APPROPRIATIONS Under Varying Loss Assumptions*	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	STATE LOSS TOTAL	STATE LOSS As % of Total	VEDA LOSS TOTAL
1 of 6 Projects Fail	\$540,000	\$442,777	\$971,510	(\$103,761)	(\$685,457)	\$1,165,069	76%	\$371,539
2 of 6 Projects Fail	\$540,000	\$442,777	\$971,510	\$921,226	(\$567,136)	\$2,308,377	75%	\$764,839
3 of 6 Projects Fail	\$540,000	\$442,777	\$971,510	\$921,226	\$566,198	\$3,441,711	75%	\$1,168,113
4 of 6 Projects Fail	\$540,000	\$442,777	\$1,996,496	\$923,367	\$693,070	\$4,595,710	75%	\$1,550,722
5 of 6 Projects Fail	\$540,000	\$442,777	\$1,996,496	\$1,948,353	\$811,390	\$5,739,016	75%	\$1,944,024
6 of 6 Projects Fail	\$540,000	\$442,777	\$1,996,496	\$1,948,353	\$1,944,724	\$6,872,350	75%	\$2,347,298

*Assumes a **20% collateral salvage value**; negative appropriation amounts (**in red**) are funds returned to the State.

Notes:

- 1) State funds provide a backstop against potential loan losses. Any unused funds appropriated to VEDA would be returned to the State (amounts **in red**, above).
- 2) GAAP requires lenders to "provide" (expense) estimated or actual losses in each reporting period; the 2020 and 2021 appropriations is the State's share.
- 3) VEDA will bear the risk of loss on amounts up to a maximum of \$3,000,000; VEDA will absorb its historical loss rate before any State funds are expended.
- 4) Borrowers are not required to repay principal or interest for two years; after this deferral period, all accrued interest is capitalized (i.e. added to loan balance).
- 5) The analysis anticipates that after 5 years borrowers will either refinance their VEDA loan with a bank or the loan will be charged-off.

VEDA RENEWABLE ENERGY GENERATION & EFFICIENCY LOANS

As of December 31, 2018

DOLLAR AMOUNTS IN THOUSANDS

VEDA Energy Financings Since 07/01/2005	BALANCE	#BORR	# LOAN	VEDA \$\$	PROJECT \$\$
Directly Funded Loans Still Outstanding	\$36,070	74	99	\$43,440	\$109,339
VEDA Conduit Bonds & SBA 504 Loans	\$61,822	5	6	\$68,871	\$95,343
Direct Loans Paid-In-Full	\$0	53	58	\$13,024	\$36,640
Direct Loans Written-Off	\$0	2	3	\$881	\$1,082
Total VEDA Energy Financings	\$98,583	135	167	\$127,018	\$244,358

VEDA Energy Financings By Industry Classification	#BORR	# LOAN	VEDA \$\$	PROJECT \$\$
Solar Power Generation	67	91	\$54,325	\$135,131
Biomass Electric Power Generation	8	10	\$3,922	\$12,866
Hydro-Electric Power Generation	5	5	\$3,012	\$5,989
VEDA Renewable Power Generation Financings	80	106	\$61,259	\$153,986
SOLAR AS % OF RENEWABLE POWER LOANS	84%	86%	89%	88%
Energy Efficiency and Own Energy Consumption	55	61	65,758	90,372
Total VEDA Energy Financings	135	167	\$127,017	\$244,358

SOLAR PROJECTS BY SIZE (KWAC)	# LOANS	AVERAGE kW
GREATER THAN 1000 kW	10	1,645
BETWEEN THAN 500 & 1000 kW	13	588
BETWEEN THAN 150 & 499 kW	41	271
LESS THAN 150 kW	27	93
SOLAR PROJECTS BY SIZE (KWAC)	91	415



OTHER RENEWABLE ENERGY GENERATION PROJECTS BY SIZE (KWAC)	# LOANS	AVERAGE kW
Biomass 500-1000 kW	4	580
Biomass 150-500 kW	6	270
Hydro 500-1000 kW	2	500
Hydro 150-500 kW	3	275
None Found kW	0	0
OTHER RENEWABLE GENERATION	15	271

