1	It is hereby enacted by the General Assembly of the State of Vermont:
2	***Vermont Economic Development Authority***
3	Sec.A.1. 10 V.S.A. § 213 is amended to read:
4	§ 213. AUTHORITY; ORGANIZATION 4
5	(a) The Vermont Economic Development Authority is hereby created and
6	established as a body corporate and politic and a public instrumentality of the
7	State. The exercise by the Authority of the powers conferred upon it in this
8	chapter constitutes the performance of essential governmental functions.
9	(b)(1) The Authority shall have 15 up to 16 voting members consisting of:
10	(A) the Secretary of Commerce and Community Development, the
11	State Treasurer, the Secretary of Agriculture, Food and Markets, the
12	Commissioner of Forests, Parks and Recreation, and the Commissioner of
13	Public Service, each of whom shall serve as an ex officio member, or a
14	designee of any of the aforementioned; and
15	(B) up to 10 members, who shall be residents of the State of
16	Vermont, appointed by the Governor with the advice and consent of the
17	Senate. The appointed members shall be appointed for terms of six years and
18	until their successors are appointed and qualified. Appointed members may be
19	removed by the Governor for cause and the Governor may fill any vacancy
20	occurring among the appointed members for the balance of the unexpired
21	term.; and
22	(C) one member, who is a current member of the Vermont General
23	Assembly, appointed jointly by the Speaker of the House of Representatives

	VEDA 2016 Legislative Changes H.868
1	and the President Pro Tempore of the Senate, who shall serve a term of six
2	years or until he or she is no longer a member of the General Assembly,
3	whichever occurs sooner.
4	(2)(A) An appointing authority may remove a member for cause.
5	(B) The Governor may fill a vacancy for the balance of the unexpired
6	<u>term.</u>
7	(C) The Speaker and President Pro Tempore may jointly fill a vacancy
8	by appointing a member of the General Assembly to a new six-year term.
9	This section adds a Legislative Member to the VEDA Board, raising the
10	number of Members from 15 to 16. The Member is to be jointly appointed
11	by the Speaker of the House and the President Pro Tempore of the Senate.
12	* * *
13	§ 216. AUTHORITY; GENERAL POWERS
14	The Authority is hereby authorized:
15	* * *
16	(15) To delegate to loan officers the power to review, approve, and
17	make loans under this chapter, subject to the approval of the manager, and to
18	disburse funds on such loans, subject to the approval of the manager,
19	provided that such loans do not exceed \$350,000.00 in aggregate amount for
20	any industrial loan for any three year period for any particular individual,
21	partnership, corporation, or other entity or related entity, or do not exceed
22	\$350,000.00 in aggregate amount if the loan is guaranteed by the Farm

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Services Agency, or its successor agency, or \$300,000.00 in aggregate amount if the loan is not guaranteed by the Farm Services Agency, or its successor agency, for any agricultural loan for any three-year period for any particular individual, partnership, corporation, or other entity or related entity. No funds may be disbursed for any loan approved under this provision, except for any agricultural loan referenced above in an amount not to exceed \$50,000.00, and no rejection of a loan by a loan officer pursuant to this subdivision shall become final, until three working days after the members of the Authority are notified by facsimile, electronic mail, or overnight delivery mailed or sent on the day of approval or rejection, of the intention to approve or reject such loan. If any member objects within that three-day period, the approval or rejection will be held for reconsideration by the members of the Authority at its next duly scheduled meeting. This section eliminates the cap on the loan approval authority that can be delegated by the VEDA Members to staff. These limits have become outdated and the VEDA Members feel this loan amount is best determined by Board Policy, on a case by case basis. The limit for Subchapter 5 Direct Loan Approvals remains at \$1.5 million (\$2 million if the project is energy related). These larger loans still require Board approval. Also eliminated is the requirement that there be a "three day waiting period" during which the Members can

request that a particular staff loan approval be held for consideration by the Members at their next meeting. Such requests are extremely rare and eliminating the three day wait will improve VEDA's customer service level. Also deleted is the provision that any loan declined by staff has the three day waiting period before the denial is issued. The Members believe they can best determine a procedure by which they are informed of such loan denials.

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#### § 219. RESERVE FUNDS

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(d) In order to ensure the maintenance of the debt service reserve requirement in each debt service reserve fund established by the Authority, there may be appropriated annually and paid to the Authority for deposit in each such fund, such sum as shall be certified by the Chair of the Authority, to the Governor, the President of the Senate, and the Speaker of the House, as is necessary to restore each such debt service reserve fund to an amount equal to the debt service reserve requirement for such fund. The Chair shall annually, on or about February 1, make, execute, and deliver to the Governor, the President of the Senate, and the Speaker of the House, a certificate stating the sum required to restore each such debt service reserve fund to the amount aforesaid, and the sum so certified may be appropriated, and if appropriated, shall be paid to the Authority during the then current

1	State fiscal year. The principal amount of bonds or notes outstanding at any
2	one time and secured in whole or in part by a debt service reserve fund to
3	which State funds may be appropriated pursuant to this subsection shall not
4	exceed \$130,000,000.00 \$155,000,000.00, provided that the foregoing shall
5	not impair the obligation of any contract or contracts entered into by the
6	Authority in contravention of the Constitution of the United States.
7	This change increases the debt service reserve fund that supports the
8	State's pledge of it' Moral Obligation to VEDA from \$130 million to
9	\$155 million. This is used (along with cash from VEDA) to
10	collateralize a letter of credit which backs VEDA's Commercial Paper
11	Program. VEDA has utilized this form of funding since 1997 and there
12	has never been a call on the State's Moral Obligation. This increase is
13	supported by the State Treasurer.
14	§ 220. TRANSFER FROM INDEMNIFICATION FUND
15	The State Treasurer shall transfer from the Indemnification Fund created
16	in former section 222a of this title to the Authority all current and future
17	amounts deposited to that Fund.
18	Currently Section 222a of the VEDA statute provides for the State
19	Treasurer to hold an Indemnification Fund which supports payments to
20	lenders that VEDA must make pursuant to its Guaranty of loans under
21	the Subchapter 2 Mortgage Insurance Program and the Subchapter 8
22	Financial Access Program, both of which are being repealed below.

1	The effect of these changes is the State would be relieved of all of its
2	full faith and credit obligations under Subchapter 2 and Subchapter 8.
3	The funds in the Indemnification Fund (approximately \$18,000) would
4	be transferred to VEDA to enable VEDA to honor any outstanding
5	obligations.
6	Subchapter 2: Mortgage Insurance [Repealed.]
7	The Subchapter 2 Mortgage Insurance Program is repealed. Due to
8	its' risk profile, this program has been used increasingly infrequently.
9	The Indemnification Fund (referenced above) supports VEDA's
10	commitments under Subchapter 2 and there is a very small balance
11	(about \$18,000) remaining in this Fund. As also noted above, any
12	outstanding obligations stemming from Subchapter 2 and Subchapter 8
13	will be assumed by VEDA.
14	* * *
15	§ 234. THE VERMONT JOBS FUND
16	* * *
17	
18	(c) Monies in the Fund may be loaned to the Vermont Agricultural Credit
19	Program to support its lending operations as established in chapter 16A of
20	this title at interest rates and on terms and conditions to be set by the
21	Authority to establish a line of credit in an amount not to exceed

1	\$60,000,000.00 to be advanced to the Vermont Agricultural Credit Program
2	to support its lending operations as established in chapter 16A of this title.
3	This section would amend Section 234c to eliminate the maximum
4	dollar amount of the interfund loan that can be made from the Vermont
5	Jobs Fund to the Vermont Agricultural Credit Corporation (VACC).
6	This allows VEDA the flexibility to utilize its' Commercial Paper
7	Program, which often has the lowest rate, to also fund Agricultural
8	Loans, thus keeping rates as low as possible to our customers.
9	* * *
10	Subchapter 8: Vermont Financial Access Program [Repealed.]
11	The Vermont Financial Access Program is repealed. This program is
12	no longer active and has been replaced by VEDA's Capital Access
13	Program.
14	* * *
15	Sec. 2. 10 V.S.A. chapter 16A is amended to read:
16	Chapter 16A: Vermont Agricultural Credit Program
17	§ 374A. CREATION OF THE VERMONT AGRICULTURAL CREDIT
18	PROGRAM
19	(a) There is created the Vermont Agricultural Credit Program, which will
20	provide an alternative source of sound and constructive credit to farmers and
21	forest products businesses who are not having their credit needs fully met by
22	conventional agricultural credit sources at reasonable rates and terms. The

1	Program is intended to meet, either in whole or in part, the credit needs of
2	eligible agricultural facilities and farm operations in fulfillment of one or
3	more of the purposes listed in this subsection by making direct loans and
4	participating in loans made by other agricultural credit providers:
5	* * *
6	(b) No borrower shall be approved for a loan from the corporation that
7	would result in the aggregate principal balances outstanding of all loans to
8	that borrower exceeding the then-current maximum Farm Service Agency
9	loan guarantee limits, or \$2,000,000.00, whichever is greater.
10	The Members believe that they are in the best position to determine the
11	maximum VACC exposure to a borrower.
12	§ 374B. DEFINITIONS
13	As used in this chapter:
14	(1) "Agricultural facility" means land and rights in land, buildings,
15	structures, machinery, and equipment which is used for, or will be used for
16	producing, processing, preparing, packaging, storing, distributing,
17	marketing, or transporting agricultural or forestry products which have been
18	primarily produced in this State, and working capital reasonably required to
19	operate an agricultural facility.
20	(2) "Agricultural land" means real estate capable of supporting
21	commercial farming or forestry, or both.

1	(3) "Agricultural products" mean crops, livestock, forest products, and
2	other farm or forest commodities produced as a result of farming or forestry
3	activities.
4	(4) "Farm ownership loan" means a loan to acquire or enlarge a farm
5	or agricultural facility, to make capital improvements including construction,
6	purchase, and improvement of farm and agricultural facility buildings that
7	can be made fixtures to the real estate, to promote soil and water
8	conservation and protection, and to refinance indebtedness incurred for farm
9	ownership or operating loan purposes, or both.
10	(5) "Authority" means the Vermont Economic Development
11	Authority.
12	(6) "Cash flow" means, on an annual basis, all income, receipts, and
13	revenues of the applicant or borrower from all sources and all expenses of
14	the applicant or borrower, including all debt service and other expenses.
15	(7) "Farmer" means an individual directly engaged in the management
16	or operation of an agricultural facility or farm operation for whom the
17	agricultural facility or farm operation constitutes two or more of the
18	following:
19	(A) is or is expected to become a significant source of the farmer's
20	income;
21	(B) the majority of the farmer's assets; and

1	(C) an occupation in which the farmer is actively engaged, either on
2	a seasonal or year-round basis.
3	(8) "Farm operation" shall mean the cultivation of land or other uses of
4	land for the production of food, fiber, horticultural, silvicultural, orchard,
5	maple syrup, Christmas trees, forest products, or forest crops; the raising,
6	boarding, and training of equines, and the raising of livestock; or any
7	combination of the foregoing activities. Farm operation also includes the
8	storage, preparation, retail sale, and transportation of agricultural or forest
9	commodities accessory to the cultivation or use of such land.
10	(9) "Forest products business" means a Vermont enterprise that is
11	primarily engaged in managing, harvesting, trucking, processing,
12	manufacturing, crafting, or distributing products that originate in Vermont
13	forests.
14	(10) "Livestock" shall mean cattle, sheep, goats, equines, fallow deer,
15	red deer, reindeer, American bison, swine, poultry, pheasant, chukar
16	partridge, coturnix quail, ferrets, camelids and ratites, cultured trout
17	propagated by commercial trout farms, and bees.
18	(10) (11) "Loan" means an operating loan or farm ownership loan,
19	including a financing lease, provided that such lease transfers the ownership
20	of the leased property to each lessee following the payment of all required
21	lease payments as specified in each lease agreement.

1	(11) (12) "Operating loan" means a loan to purchase livestock, farm or
2	forestry equipment, or fixtures to pay annual operating expenses of a farm
3	operation or agricultural facility, to pay loan closing costs, and to refinance
4	indebtedness incurred for farm ownership or operating loan purposes, or
5	both.
6	(12) (13) "Program" means the Vermont Agricultural Credit Program
7	established by this chapter.
8	(13) (14) "Project" or "agricultural project" means the creation,
9	establishment, acquisition, construction, expansion, improvement,
10	strengthening, reclamation, operation or renovation of an agricultural facility
11	or farm operation.
12	(14) (15) "Resident" means a person who is or will be domiciled in
13	this State as evidenced by an intent to maintain a principal dwelling place in
14	the State indefinitely and to return there if temporarily absent, coupled with
15	an act or acts consistent with that intent, including the filing of a Vermont
16	income tax return within 18 months of the application for a loan under this
17	chapter. In the case of a limited liability company, partnership, corporation
18	or other business entity, resident means a business entity formed under the
19	laws of Vermont, the majority of which is owned and operated by Vermont
20	residents who are natural persons.
21	* * *
22	§ 374H. LOAN ELIGIBILITY STANDARDS

1	A farmer, or a limited liability company, partnership, corporation or other
2	business entity the majority ownership of which is vested in one or more
3	farmers, shall be eligible to apply for a farm ownership or operating loan,
4	provided the applicant is:
5	* * *
6	(4) an operator or proposed operator of an agricultural facility, or farm
7	operation, or forest products business for whom the loan reduces investment
8	costs to an extent that offers the applicant a reasonable chance to succeed in
9	the operation and management of an agricultural facility or farm operation;
10	* * *
11	(7) able to demonstrate that the applicant is responsible and able to
12	manage responsibilities as owner or operator of the farm operation, or
13	agricultural facility, or forest products business;
14	The several small changes above to Sections 374a, 374b and 374h are
15	meant to clarify that forest products businesses and forestry products
16	operations are eligible to apply for financing under VACC.
17	* * *
18	(13) able to demonstrate that the proposed loan will be adequately
19	secured by a mortgage on real property with a satisfactory maturity date in
20	no event later than 20 years from the date of inception of the mortgage, or by
21	a security agreement on personal property with a satisfactory maturity date

1	in no event longer than the average remaining useful life of the assets in
2	which the security interest is being taken; and
3	This modifies Section 374h (13) to eliminate the specific loan
4	maturities that certain VACC loans may carry.
5	* * *
6	Sec. 3. REPEAL
7	2009 Acts and Resolves No. 54, Sec. 112(b), pledging up to
8	\$1,000,000.00 of the full faith and credit of the State for loss reserves for the
9	Vermont Economic Development Authority small business loan program
10	and TECH loan program, is repealed.
11	Sec. 4. EFFECTIVE DATE
12	This act shall take effect on July 1, 2016.
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