



Presentation to Senate Committee on Finance

VEDA Overview

March 29, 2022

By: Cassie Polhemus, CEO

VEDA's Mission: To contribute to Vermont's economic vitality by providing a broad array of financing programs to eligible businesses that create jobs and help advance Vermont's public policy goals.

Quick VEDA Facts:

- Formed in 1974 as an instrumentality of the state.
- Governed by a 15-member board. Five are ex-officio and 10 appointed by Governor with advice and consent of Senate. Ex-officio members:
 - State Treasurer
 - Secretary of ACCD
 - Secretary of VAFFM
 - Commissioner of Forest, Parks & Recreation
 - Commissioner of Public Service.
- Staff of 45 finance professionals, administrative and support staff.
- Main office: 58 East State Street, Montpelier.

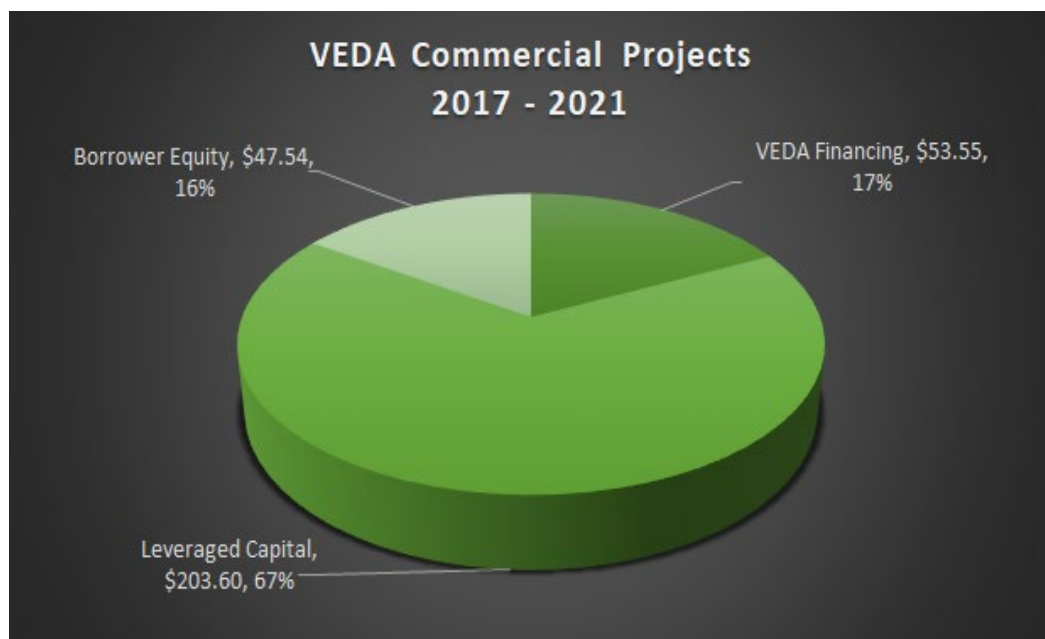


- Three satellite offices: Burlington, Middlebury, and St. Johnsbury.
- Total assets over \$300 million of which over \$288 million are loans.
- Operate over a dozen loan programs serving the commercial, agricultural and energy sectors.
- Administer and service half a dozen loan programs for the State with combined assets under management of over \$48 million.
 - Drinking Water State Revolving Fund (ANR)
 - Clean Energy Development Fund (DPS)
 - State Infrastructure Bank (Agency of Transportation)
 - Brownfield Revitalization Fund (ACCD)

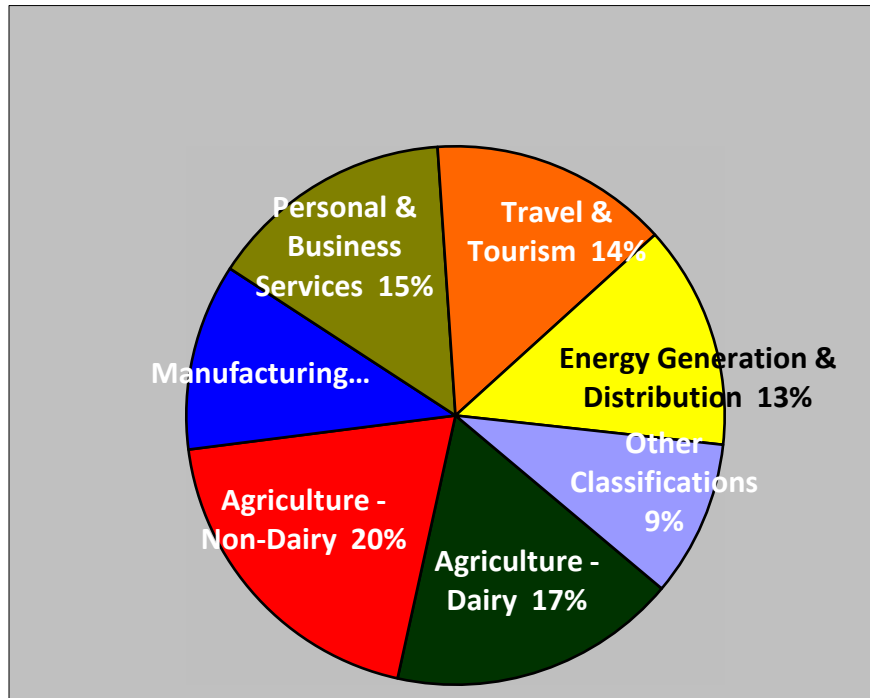
- Windham County Economic Development Program (ACCD)
- Clean Water State Revolving Loan Fund (DEC)
- Conduit bond issuer of tax-exempt private activity and 501 (c) (3) revenue bonds.
- Three affiliates:
 - Vermont Agricultural Credit Corporation (VACC) – ag lending programs
 - Vermont Small Business Development Corporation (VSBDC) – small business lending.
 - VT 504 Corporation – SBA Certified Development Corporation.
- VEDA was able to participate in the SBA PPP program through VT 504 Corp. and made 990 PPP loans totaling \$45 million.
- VEDA funds its lending by borrowing from banks and other lenders. At 6/30/21 VEDA has total debt of \$258 million.
- The State has authorized \$181 million of Moral Obligation to enhance VEDA’s credit with its lenders, of which \$175 million is pledged as of 6/30/21.
- State appropriations are used for specific programs to subsidize interest or add to loan loss reserves. In FY 2020 the State appropriated \$540,000 to VEDA to establish loan loss reserves for a new Broadband Expansion Loan Program. VEDA has approved \$3.8 million in Broadband loans to date.

VEDA Leverages Private Capital:

VEDA’s commercial loan programs generally involve one or more of our financial institution lending partners (banks, credit unions, CDFI’s, and others). The pie chart below shows over the past five years, the average **leverage of private investment to VEDA investment is 3.8: 1**. (Note, the impact of the SBA PPP program reduced the leverage from **4.5:1 pre-pandemic**.)

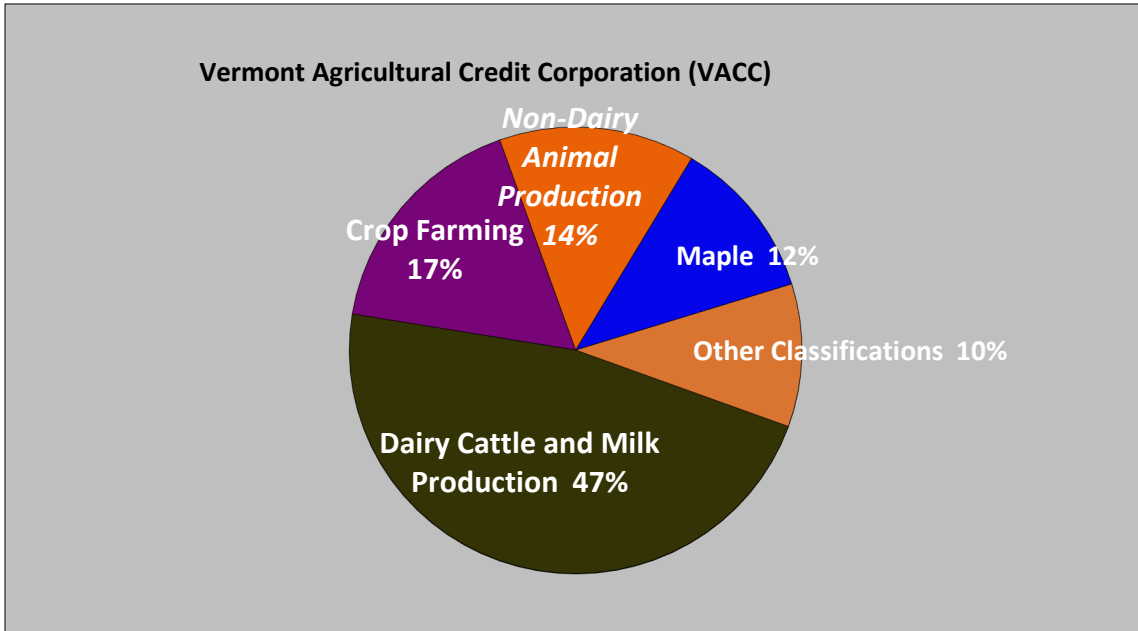


VEDA Loans - Concentration by Industry as of 12/31/21

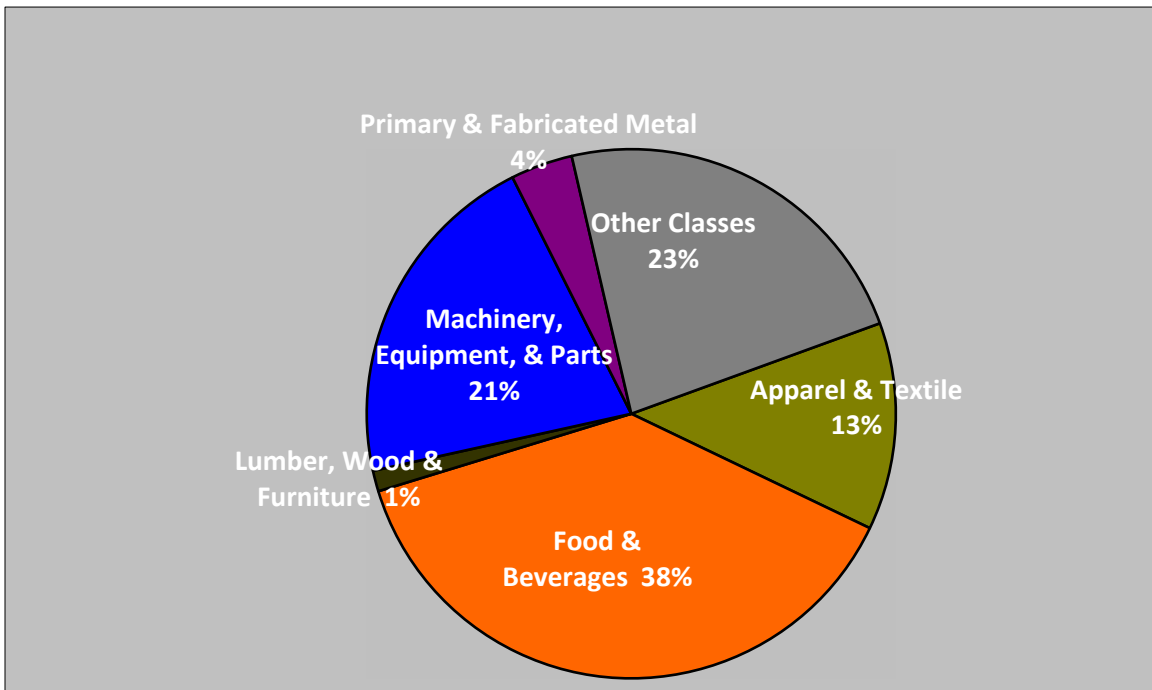


	<u># Loans</u>	<u>\$000's</u>
Agriculture - Dairy	313	\$44,470
Agriculture - Non-Dairy	456	\$50,072
Manufacturing	116	\$28,750
Personal & Business Services	197	\$37,813
Travel & Tourism	155	\$36,782
Energy Generation & Distribution	97	\$34,498
Other Classifications	163	\$24,044
Total of All Loans	1,497	\$256,428

**Agricultural Loans at 12/31/21:
\$94.5 million; 769 loans**

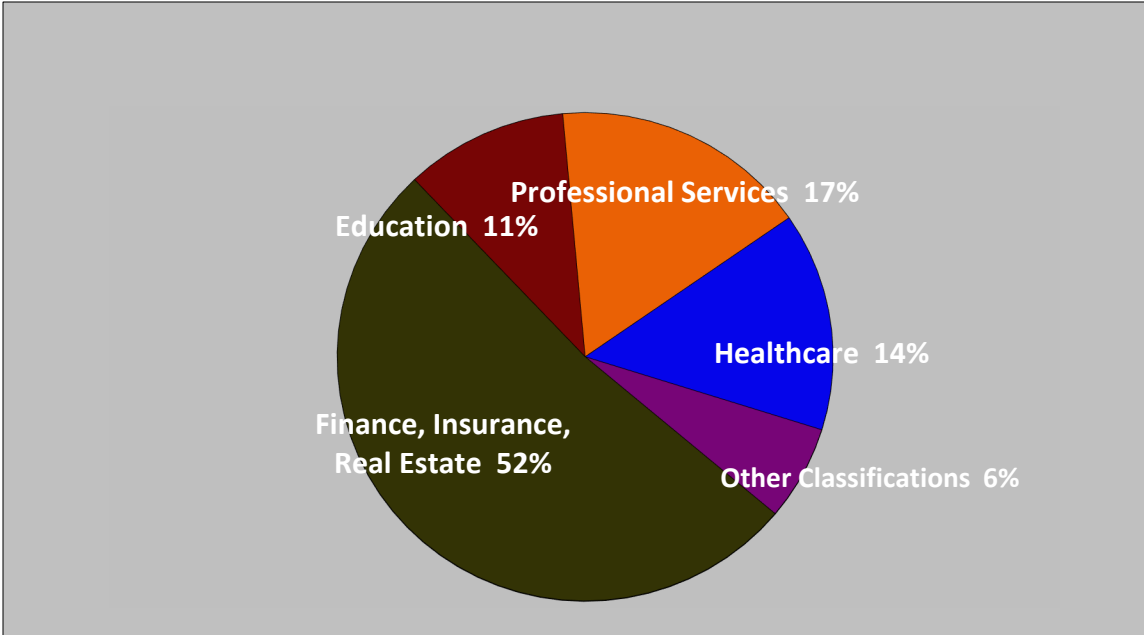


**Manufacturing Loans at 12/31/21:
\$28.8 million; 116 loans**



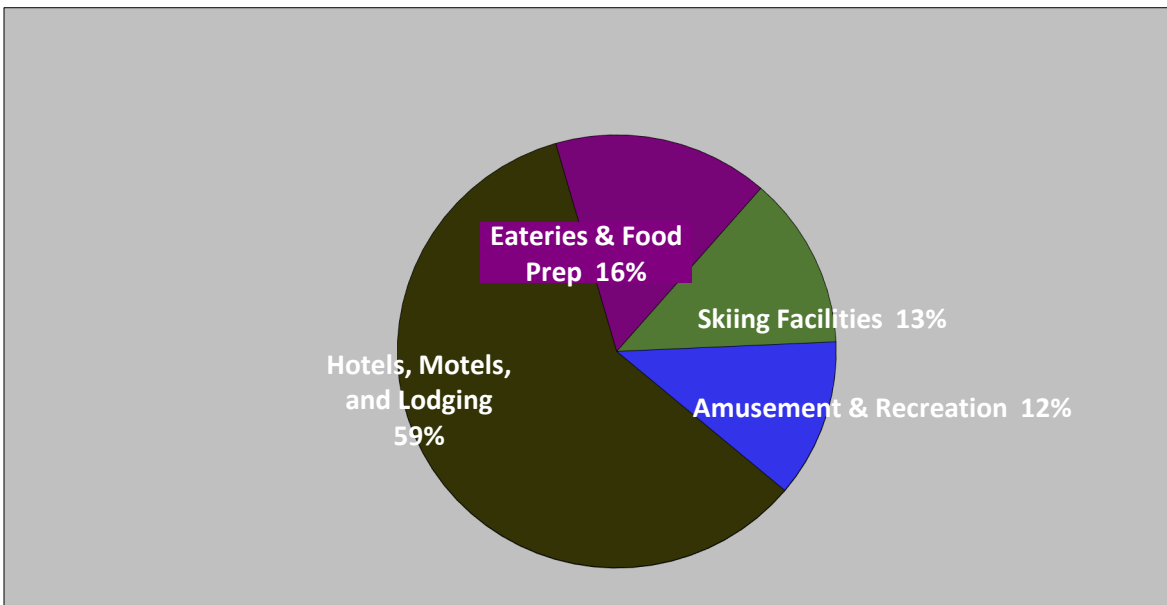
Personal & Business Service Loans at 12/31/21:

\$37.8 million; 197 loans



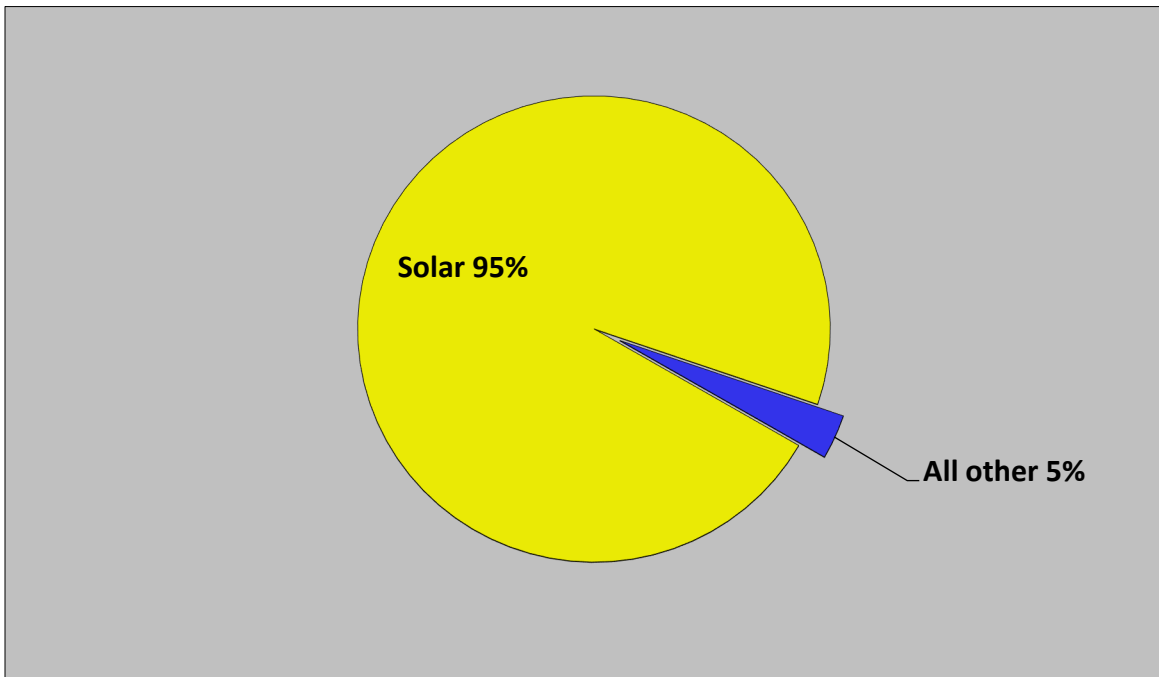
Travel & Tourism Loans at 12/31/21:

\$36.8 million; 155 loans



Energy Loans at 12/31/21:

\$34.5 million; 97 loans



Energy Data:

TABLE 8 - Energy Data

	2017	2018	2019	2020	2021	5YR AGG
Energy Projects						
# Projects	19	25	19	15	13	91
VEDA Financed	\$10,999,401	\$8,557,927	\$6,632,996	\$8,117,523	\$5,760,594	\$40,068,441
KWAC	6,732	5,818	6,159	4,051	2,834	25,593
KWH	12,950,743	9,586,540	10,964,483	6,980,361	4,645,686	45,127,813
Avg Household ¹	2,567	1,390	2,489	1,011	675	8,132
Annual CO ₂ Reduced/Ton	7,533	5,575	6,427	4,043	2,702	26,279

1. Average Household represents the number of average households projects will supply with electricity per year.

Jobs Data:

TABLE 1 - VEDA Employment Analysis, 2017 - 2021

	2017	2018	2019	2020	2021	5YR AGG
VEDA Combined Financings Closed						
# Borrowers	213	172	178	396	776	1,735
# Financings	251	223	218	408	841	1,941
\$ Closings	\$56,061,076	\$99,518,579	\$54,971,560	\$42,963,673	\$66,706,968	\$320,221,858
# Jobs	3,656	3,940	2,909	3,605	5,985	20,095
Commercial						
<small>(includes Subchapters 3, 5, SBA504, Energy and VSBC - excludes IRBs)</small>						
# Borrowers	93	88	95	79	50	405
# Financings	99	95	100	80	51	425
\$ Closings	\$30,045,638	\$30,647,067	\$31,793,821	\$23,908,405	\$15,765,935	\$132,160,866
# Jobs ¹	2,225	2,089	1,702	1,104	574	7,693
Agricultural (VACC)						
# Borrowers	119	83	82	55	49	388
# Financings	151	127	117	65	61	521
\$ Closings	\$22,765,438	\$21,296,512	\$19,427,739	\$7,378,472	\$11,582,531	\$82,450,693
# Jobs ²	690	647	616	307	190	2,450
Revenue Bonds						
# Borrowers	1	1	1	0	1	4
# Financings	1	1	1	0	2	5
\$ Closings	\$3,250,000	\$47,575,000	\$3,750,000	\$0	\$5,700,000	\$60,275,000
# Jobs ³	0	305	0	0	659	964
PPP						
# Borrowers	0	0	0	262	676	938
# Financings	0	0	0	263	727	990
\$ Closings	\$0	\$0	\$0	\$11,676,796	\$33,658,503	\$45,335,299
# Jobs ⁴	0	0	0	1,584	4,455	6,039
Energy Construction Jobs - On-Site (0.7 FTE per \$100,000 of Project Costs)⁵						
Project Costs	\$24,866,453	\$17,670,503	\$15,109,147	\$16,651,840	\$11,714,344	\$86,012,287
Indirect Jobs	174	124	106	117	82	602
General Construction Jobs - On-Site (1.4 FTE per \$100,000 of Project Costs)⁵						
Project Costs	\$40,497,193	\$55,447,120	\$34,645,488	\$35,270,341	\$1,782,781	\$167,642,923
Indirect Jobs	567	776	485	494	25	2,347

Notes:

- Jobs are full-time equivalents (FTE) at the time of application, plus jobs to be created within three years of financing. The total of these categories is often referred to as "Jobs Impacted".
- Jobs for our agricultural borrowers reflect the maximum number of jobs during the reported period and include full-time, part-time and seasonal employees.
- Jobs credited to our IRBs do not include FTEs already included in the Commercial Jobs data. In FY17 & 19 there were 231 and 166 jobs, respectively, for the two IRBs already captured in the Sub 5 loans financed in conjunction with these IRBs.
- PPP Jobs only include number of employees at time of application.
- Multipliers for on-site construction jobs are provided by VT's REMI model maintained by ACCD.

Wage & Benefits Data (commercial borrowers):

Annual salary data reported by VEDA borrowers has been converted to hourly equivalents. Survey data from the US Bureau of Labor Statistics is shown below to provide comparison of VEDA's borrowers' average wages to national averages collected by BLS. The BLS data is as of August for each of the years shown and includes all non-farm private industry sectors.

TABLE 3 - Employment & Wage Data for Commercial Financings (Sub 3, 4, 5, SBA504 & VSBDC)

	2017	2018	2019	2020	2021	5YR AGG
BLS National Avg Wage (w/o Benefits)	\$26.38	\$27.22	\$28.16	\$29.47	\$30.73	\$28.39
Jobs Impacted	2,228	2,338	1,824	1,131	1,259	8,779
Average Wage (w/o Benefits)	\$32.02	\$37.45	\$33.16	\$31.25	\$37.65	\$34.30
Average Benefits (% Payroll)	19%	15%	15%	10%	14%	15%
Average Wage (w/ Benefits)	\$37.99	\$42.92	\$38.22	\$34.42	\$43.10	\$39.33

Loan Volume by County Over the Years:

TABLE 12 - County Breakdown

	2017		2018		2019		2020		2021		5YR AGG	
	#	\$	#	\$	#	\$	#	\$	#	\$	# Loans	Orig Note Amt
ADDISON	52	\$10,485,345	45	\$9,509,359	52	\$10,438,547	53	\$4,015,163	61	\$6,029,535	263	\$40,477,948
BENNINGTON	10	\$3,600,717	7	\$48,500,650	8	\$4,690,400	5	\$950,810	21	\$814,118	51	\$58,556,695
CALEDONIA	23	\$2,031,110	10	\$1,078,750	13	\$934,130	17	\$1,003,739	45	\$1,379,753	108	\$6,427,481
CHITTENDEN	27	\$9,171,170	42	\$13,332,114	40	\$7,126,003	119	\$12,585,411	250	\$12,837,625	478	\$55,052,323
ESSEX	1	\$40,000					2	\$204,622	3	\$45,349	6	\$289,971
FRANKLIN	25	\$5,996,240	9	\$7,171,922	16	\$5,187,950	27	\$3,485,394	88	\$3,180,935	165	\$25,022,442
GRAND ISLE	5	\$503,500	3	\$623,960	3	\$600,000	6	\$348,580	19	\$486,368	36	\$2,562,408
LAMOILLE	17	\$4,285,132	18	\$4,836,298	18	\$9,357,633	22	\$900,637	58	\$6,758,106	133	\$26,137,805
ORANGE	22	\$3,918,743	11	\$1,411,450	10	\$953,744	19	\$1,607,740	34	\$4,643,508	96	\$12,535,185
ORLEANS	11	\$3,217,750	13	\$2,984,198	13	\$973,052	16	\$959,854	43	\$2,024,144	96	\$10,158,998
RUTLAND	15	\$3,259,900	19	\$3,505,512	14	\$2,752,000	28	\$1,747,959	42	\$1,908,020	118	\$13,173,391
WASHINGTON	23	\$2,546,200	27	\$4,803,254	13	\$3,719,812	48	\$9,708,503	97	\$16,188,721	208	\$36,966,490
WINDHAM	11	\$5,331,516	5	\$524,900	6	\$2,256,800	25	\$2,506,908	32	\$796,378	79	\$11,416,502
WINDSOR	9	\$1,673,753	14	\$1,236,212	12	\$5,981,490	21	\$2,938,353	33	\$2,061,812	89	\$13,891,620
	251	\$56,061,076	223	\$99,518,579	218	\$54,971,560	408	\$42,963,673	826	\$59,154,371	1926	\$312,669,261

Additional Resources:

VEDA's Website: <https://www.veda.org/>

VEDA's Annual Reports: <https://www.veda.org/about-veda/annual-reports/>

VEDA Borrowers' Stories: <https://www.veda.org/borrower-stories/>

VEDA's Statute: <https://legislature.vermont.gov/statutes/chapter/10/012>