

VEDA Overview

House Committee on
Commerce and Economic
Development

January 15, 2025



Quick Facts:

➤ Formed in 1974 as an **instrumentality** of the state to provide financing for economic development in Vermont

➤ **Mission Statement:**

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

➤ Governed by 15-member board. Five are ex-officio and 10 are appointed by the Governor

More Quick Facts:

- Main office: 58 East State Street, Montpelier



- Satellite offices: Burlington & Middlebury
- Total Assets of \$340 million, of which \$270± million are loans to businesses, including agricultural businesses
- Staff of 41 finance professionals

FAQ #1: Where does VEDA get its funding to make loans?

- VEDA funds its lending activities by borrowing from other financial institutions. VEDA **relends** its borrowed funds at interest rates sufficient to cover VEDA's borrowing and operating costs and ensure sustainability of the Authority.
- The State of Vermont provides its **Moral Obligation (MO)** to VEDA's private lenders as credit enhancement, enabling VEDA to obtain lower interest rates on its debt. The State has authorized \$181 million in MO to VEDA to pledge to its lenders.
- VEDA also borrows from the State under the Treasurer's "**10% for Vermont**" program, and from the USDA /RD under its Intermediary Relending Program (**IRP**).

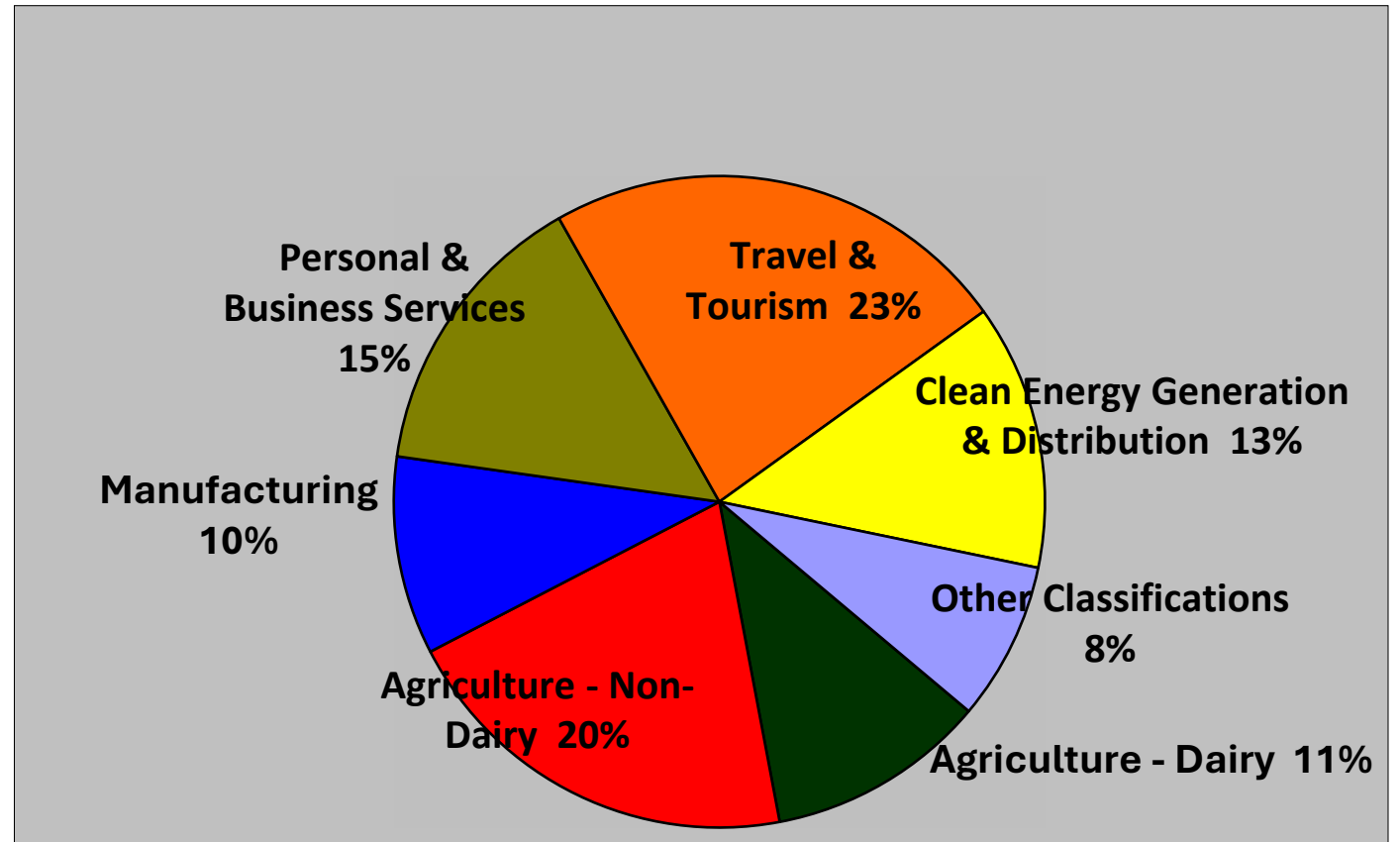
FAQ #2: Does VEDA's lending cover the entire state?

- Yes
- VEDA is Vermont's **statewide** economic development financing lender
- **Over \$2.8 billion** has been lent throughout all 14 counties since VEDA was created 50 years ago.
- Refer to pages 4 and 5 of [VEDA's Fiscal Year 2024 Annual Report](#) to find data on all counties

FAQ #3: What types of businesses, industry sectors and loan purposes does VEDA lend to?

- For profits
- Not-for-profits
- Partnerships
- Corporations
- Sole Proprietorships
- Start-ups
- Expansions
- Renovations
- New Construction
- Acquisitions
- Real Estate
- Machinery & Equipment
- Working Capital
- Other....

VEDA's Loan Portfolio Composition at 12/31/24

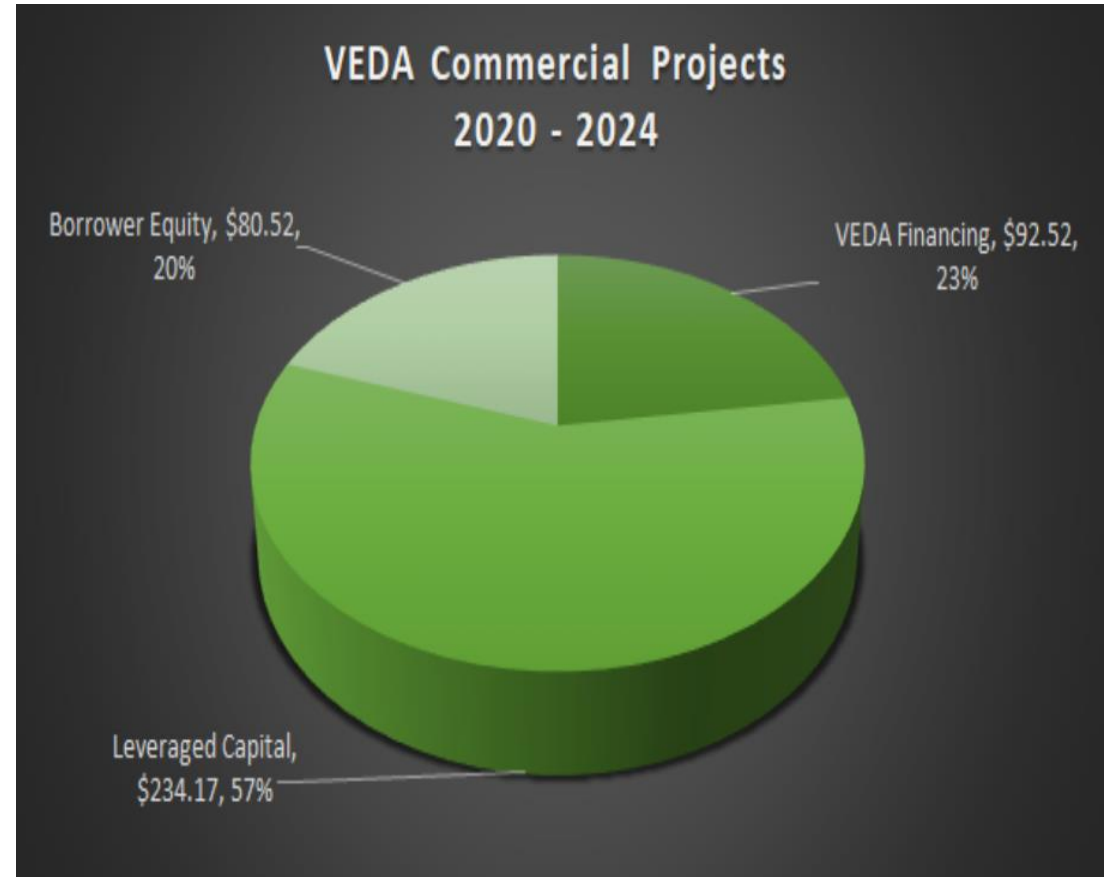


FAQ #4: What types of Projects are not eligible for VEDA financing?

- **Housing** (with exceptions for mixed use properties with <50% housing and long-term care facilities)
- **Investment real estate** (with exceptions for local and regional development corporations – Subchapter 3 of VEDA's statute)

FAQ #5: Does VEDA compete with private lenders such as banks and credit unions?

- No – VEDA partners with other lenders, generally in a subordinate lien position
- VEDA is limited to funding up to a maximum of 40% of the project costs (with some exceptions on small loans)
- For every \$1 of VEDA funding, historically \$3 to \$4 in other funding has gone into the projects



Jobs Impacted FY 2020-2024

	2020	2021	2022	2023	2024	5 Year Totals
# Borrowers	396	779	112	309	107	1,703
# Financings	408	845	127	319	122	1,821
\$ Closings	\$43 mil	\$67 mil	\$78 mil	\$76 mil	\$54 mil	\$317 mil
# Jobs	3,605	5,992	2,176	4,162	2,061	17,997

Average Compensation Data FY 2020-2024

	2020	2021	2022	2023	2024	5YR AGG
BLS National Avg Wage (w/o Benefits)	\$29.47	\$30.73	\$32.36	\$29.86	\$31.48	\$30.78
Jobs Impacted	1,131	1,259	1,769	1,245	1,353	6,756
Average Wage (w/o Benefits)	\$31.25	\$37.65	\$27.63	\$26.81	\$28.51	\$30.37
Average Benefits (% Payroll)	10%	14%	18%	14%	18%	15%
Average Wage (w/ Benefits)	\$38.13	\$34.38	\$42.92	\$32.49	\$33.64	\$36.31

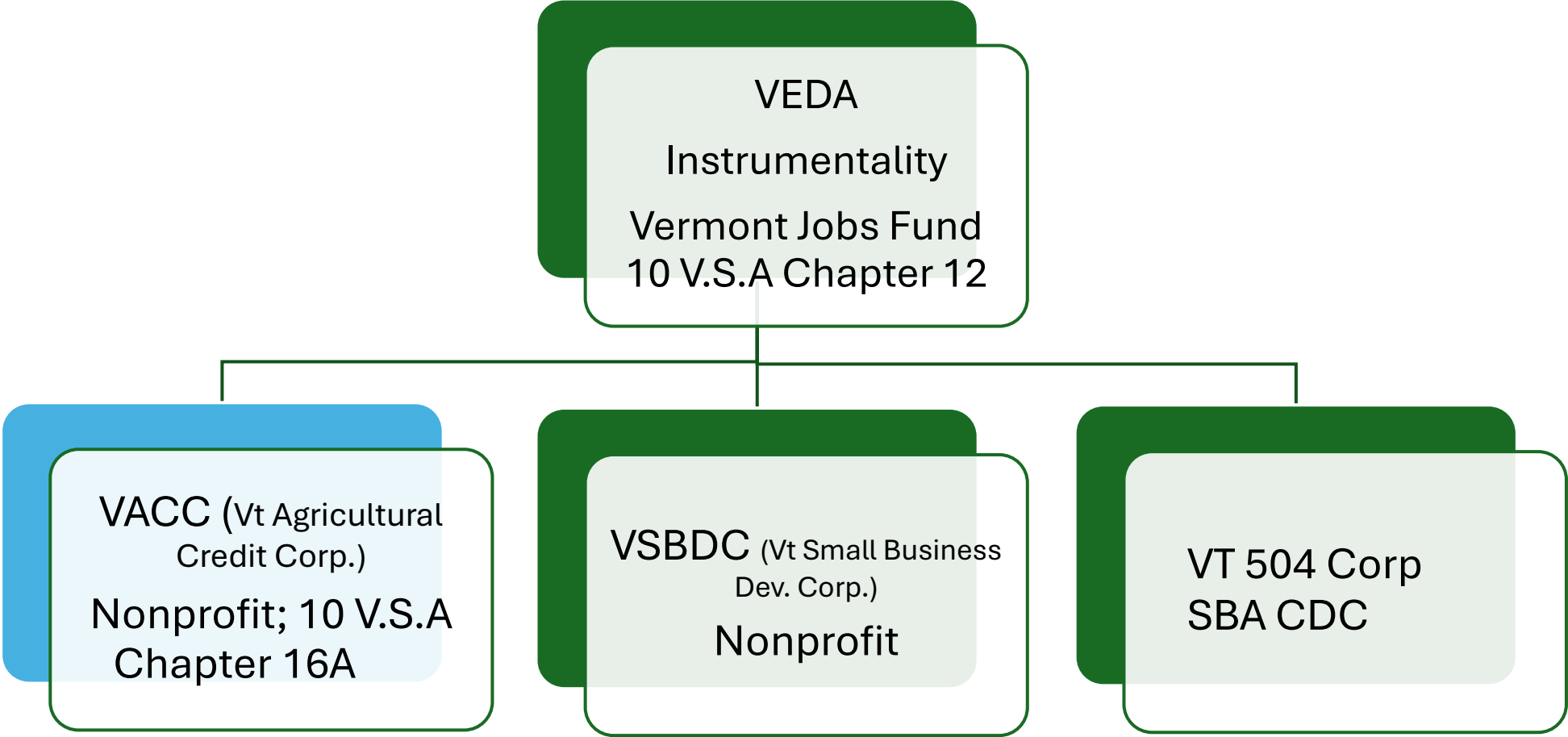
Other Programs (Affiliate and Off Balance Sheet):

- Conduit bond issuer of tax-exempt private activity and 501(c)(3) revenue bonds.
- SBA 504 lender via VEDA's SBA Certified Development Corporation (CDC) Vermont 504 Corporation (loans sold on secondary market)
- SBA Community Advantage Lender (loans guaranteed by SBA)
- Administer and service several loan programs for the State with combined assets under management of about \$44 million.
 - Drinking Water State Revolving Fund (ANR)
 - Clean Energy Development Fund (DPS)
 - State Infrastructure Bank (AoT)
 - Brownfield Revitalization Fund (ACCD)
 - Clean Water State Revolving Loan Fund (DEC)

STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI): Funding from US Treasury

- VEDA is VT's implementing entity for \$58.9 million in SSBCI funding reauthorized under the Biden Administration American Rescue Plan (ARPA).
- VEDA is using 50% to provide loan funding at subsidized interest rates on SSBCI eligible projects
- The remaining 50% is allocated for venture capital investments to be managed by third party VC fund managers (selected through an RFP process).
- SSBCI funds are granted to the states and remain in the state in perpetuity

VEDA's loan programs are operated from four entities/funds:



VEDA's Disaster Responses

- Tropical Storm Irene Flood Loans:
 - Deployed \$18 million to 350 businesses impacted by flooding
- Pandemic Response:
 - Full and partial payment deferrals made on VEDA loans
 - Deployed over \$45 million in PPP loans to 941 businesses
 - Deployed an additional \$18.5 million in forgivable loans to 201 business funded by Vermont's ARPA funding
- In addition to these responses, VEDA, through VACC, has implemented several emergency response programs during dairy down cycles.

ADDITIONAL RESOURCES:

- VEDA's Website: <https://www.veda.org/>
- VEDA's Annual Reports: <https://www.veda.org/about-veda/annual-reports/>
- Documentary on VEDA: [https://www.veda.org/hubfs/WEBSITE_CONTENT/50th/veda50%20\(360p\).mp4](https://www.veda.org/hubfs/WEBSITE_CONTENT/50th/veda50%20(360p).mp4)
- VEDA Borrowers' Stories: <https://www.veda.org/borrower-stories/>
- VEDA's Statute: <https://legislature.vermont.gov/statutes/chapter/10/012>

THANK YOU!



VEDA.org