



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: Joint Fiscal Committee members  
From: Sorsha Anderson, Senior Staff Associate  
Date: July 26, 2022  
Subject: Grant Request – JFO #3111 is an update to JFO #3074

Enclosed please find one (1) item, which the Joint Fiscal Office has received from the Administration. This grant is being held for the JFC meeting scheduled for July 28, 2022.

**JFO #3111** is an updated application and full acceptance request for grant JFO #3074, which is the \$57,947,977.00 awarded to Vermont through the U.S. Treasury State Small Business Credit Initiative (SSBCI). The attached packet contains the updated AA-1 followed by the original request. The original request begins on page 31 of the grant packet. *[Received July 26, 2022]*

Please review the enclosed materials and notify the Joint Fiscal Office (Sorsha Anderson: sanderson@leg.state.vt.us) if you have questions prior to the JFC meeting scheduled for July 28, 2022.

**STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)**

<b>BASIC GRANT INFORMATION</b>				
<b>1. Agency:</b>	ACCD-State of Vermont (Participating Jurisdiction)			
<b>2. Department:</b>	Vermont Economic Development Authority (Implementing Entity)			
<b>3. Program:</b>	State Small Business Credit Initiative			
<b>4. Legal Title of Grant:</b>	American Rescue Plan Act 2021-State Small Business Credit Initiative			
<b>5. Federal Catalog #:</b>				
<b>6. Grant/Donor Name and Address:</b>	U.S. Department of Treasury, 1500 Pennsylvania Avenue NW, Washington, D.C. 20220			
<b>7. Grant Period:</b>	<b>From:</b>	7/1/2022	<b>To:</b>	6/30/2028
<b>8. Purpose of Grant:</b>	Section 3301 of the American Rescue Plan Act of 2021 provides direct funds to States pursuant to the State Small Business Credit Initiative to increase and expand programs designed to increase access to credit for small businesses.			
<b>9. Impact on existing program if grant is not Accepted:</b>	The Capital Equity program will not exist without the grant. VEDA will not be able to build on successful models for small business financing programs, including collateral support programs, Capital Access Programs (CAPs) and loan guarantee programs with out this grant.			
<b>10. BUDGET INFORMATION</b>				
	<b>SFY 1</b>	<b>SFY 2</b>	<b>SFY 3</b>	<b>Comments</b>
<b>Expenditures:</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>	
Personal Services	\$350,000	\$	\$	*contract for compliance and auditing
Operating Expenses	\$	\$	\$	
Grants	\$18,772,832	\$19,122,832	\$19,702,313	
<b>Total</b>	\$19,122,832	\$19,122,832	\$19,702,313	may not be in 3 consecutive years: dependent upon uptake of first tranche.
<b>Revenues:</b>				
State Funds:	\$	\$	\$	
Cash	\$	\$	\$	
In-Kind	\$	\$	\$	
Federal Funds:	\$	\$	\$	
(Direct Costs)	\$19,122,832	\$19,122,832	\$19,702,313	33% in Tranche 1 and 2; 34% Tranche 3

**STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)**

(Statewide Indirect)	\$	\$	\$	
(Departmental Indirect)	\$	\$	\$	
Other Funds:	\$	\$	\$	
Grant (source )	\$	\$	\$	
<b>Total</b>	\$	\$	\$	

<b>Appropriation No:</b>	7120010000	<b>Amount:</b>	\$19,122,832
			\$
			\$
			\$
			\$
			\$
			\$
		<b>Total</b>	\$19,122,832

**PERSONAL SERVICE INFORMATION**

**11. Will monies from this grant be used to fund one or more Personal Service Contracts?**  Yes  No  
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.  
 Appointing Authority Name: \_\_\_\_\_ Agreed by: \_\_\_\_\_ (initial)

12. Limited Service Position Information:	# Positions	Title
<b>Total Positions</b>		

**12a. Equipment and space for these positions:**  Is presently available.  Can be obtained with available funds.

**13. AUTHORIZATION AGENCY/DEPARTMENT**

I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):	Signature: <i>Joan Goldstein</i>	Date: 07/18/22
	Title: Commissioner, DED/ACCD	
	Signature: <i>Lindsay H Kusle</i>	Date: 7/18/22
	Title: Secretary ACCD	

**14. SECRETARY OF ADMINISTRATION**

Approved: (Secretary or designee signature) **Kristin L. Clouser** Digitally signed by Kristin L. Clouser Date: 2022.07.19 12:25:27 -04'00' Date: 07/19/22

**15. ACTION BY GOVERNOR**

Check One Box: Accepted  
 (Governor's signature) *[Signature]* Date: 7/26/22

Rejected

**STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)**

<b>16. DOCUMENTATION REQUIRED</b>	
<b>Required GRANT Documentation</b>	
<input type="checkbox"/> Request Memo	<input type="checkbox"/> Notice of Donation (if any)
<input type="checkbox"/> Dept. project approval (if applicable)	<input type="checkbox"/> Grant (Project) Timeline (if applicable)
<input type="checkbox"/> Notice of Award	<input type="checkbox"/> Request for Extension (if applicable)
<input type="checkbox"/> Grant Agreement	<input type="checkbox"/> Form AA-1PN attached (if applicable)
<input type="checkbox"/> Grant Budget	
<b>End Form AA-1</b>	
(*) The term "grant" refers to any grant, gift, loan, or any sum of money or thing of value to be accepted by any agency, department, commission, board, or other part of state government (see 32 V.S.A. §5).	

## MEMORANDUM

To: Members of the Joint Fiscal Committee

From: Joan Goldstein, Commissioner, DED

Date: 7/15/2021

Re: AA-1-Grant Acceptance Form

This memorandum is to request approval of the attached State of Vermont Request for Grant Acceptance (AA-1 form) for the \$57,947,977.00 U.S. Treasury State Small Business Credit Initiative (SSBCI), to be allocated to Vermont. These allocated funds are awarded to Vermont as the Participating Jurisdiction pursuant to 12 U.S.C. § 5702. The Vermont Economic Development Authority was designated as the Implementing Entity to accept the Allocated Funds on behalf of the State of Vermont. These federal funds are available through the American Rescue Plan Act of 2021, Title III, Subtitle C Section 3301 (ARPA). On July 6, 2022, The U.S. Treasury Department approved the State of Vermont's SSBCI application.

### **PREFACE:**

The November 17, 2021 motion, approved Grant #3074: Authorized Vermont's participation in SSBCI to access Vermont's allocation from the U.S. Treasury, in the amount of \$57,947,977 in the State Small Business Credit Initiative (SSBCI) as funded in Section 3301 of the American Rescue Plan Act of 2021 to implement the SSBCI credit support program.

The motion also approved the Agency of Commerce and Community Development (ACCD) to be designated as the state applicant for participation in the SSBCI, and authorized ACCD to delegate administrative responsibility for the program to the Vermont Economic Development Authority (VEDA).

VEDA, subject to US Treasury guidance, was authorized to allocate 50% of the funding for loans; and 50% for investment capital awards by contracting with one or more private investment capital managers selected through a public Request for Proposal (RFP) process.

### **DISCUSSION:**

Since the motion passed, U.S. Treasury approved Vermont's SSBCI application on July 6, 2022. VEDA is the implementing entity designated to accept the Allocated funds on behalf of Vermont, who is the participating jurisdiction. U.S. Treasury approved the following programs and allocations:

1. OCSP-Loan Participation Program -\$28,973,988.50
2. OCSP-Equity Capital Program-\$18,000,000.00
3. OCSP-Equity Capital Program-\$10,973,988.50

The Allocation agreement is attached to this memo outlining the terms and conditions of the allocated funds. The funds are disbursed directly to VEDA as the implementing entity.

### **REQUEST**

VEDA and ACCD request authority from JFC to accept the U.S. Treasury's allocated funds to the State of Vermont in the amount of \$57,947,977.00.

**U.S. Department of the Treasury  
State Small Business Credit Initiative  
Allocation Agreement**

The American Rescue Plan Act of 2021 (ARPA) amended the Small Business Jobs Act of 2010, codified at 12 U.S.C. § 5701 et seq., to reauthorize and provide \$10 billion to fund the State Small Business Credit Initiative (SSBCI) as a response to the economic effects of the COVID-19 pandemic. SSBCI is a federal program administered by the U.S. Department of the Treasury (Treasury) that is intended to strengthen programs of eligible jurisdictions (states, the District of Columbia, territories, Tribal governments, and eligible municipalities) that support private financing to small businesses.

This Allocation Agreement establishes the terms and conditions for the undersigned participating jurisdiction (Participating Jurisdiction) to receive capital funds under the SSBCI.

**Article I: Definitions**

**Section 1.1 Definitions.**

**Allocated Funds** means all the federal funds that are awarded to the Participating Jurisdiction pursuant to 12 U.S.C. § 5702. Allocated Funds includes amounts under the Main Capital Allocation, SEDI Allocation, SEDI Incentive Allocation, and VSB Allocation. Initial eligible amounts under the SEDI Incentive Allocation are not considered Allocated Funds until Treasury determines that the Participating Jurisdiction has qualified for the funds under the standards set forth in the Capital Program Policy Guidelines.

**Approved Application** means the Participating Jurisdiction's SSBCI application for approval of a capital access program (CAP) under 12 U.S.C. § 5704 or other credit support program (OCSP) under 12 U.S.C. § 5705 that has been approved by Treasury, including any written information in connection therewith and any attachments, appendices, written supplements, or amendments thereto, submitted by the Participating Jurisdiction to Treasury.

**Approved Program** means each CAP or OCSP listed on Schedule A.

**Capital Program Policy Guidelines** means the SSBCI Capital Program Policy Guidelines, originally published on Treasury's SSBCI website on November 10, 2021, as it may be amended from time to time.

**Contracted Entity** means an entity that has a contractual arrangement (including through a memorandum of understanding or other agreement) with the Participating Jurisdiction or the Participating Jurisdiction's Implementing Entity for the implementation or administration of its capital program. This entity may be an authorized agent of the Participating Jurisdiction (including an entity or agency of the Participating Jurisdiction), or an entity selected and supervised by the Participating Jurisdiction (including an entity of another jurisdiction, a nonprofit third-party, or a for-profit third-party such as an investment fund or loan fund). The Contracted Entity may be the entity that operates the SSBCI program.

**Disbursement** means a transfer of Allocated Funds by Treasury to the Participating Jurisdiction under this Allocation Agreement.

**Implementing Entity** means the specific department, agency, or political subdivision of the Participating Jurisdiction that has been designated to accept the Allocated Funds on behalf of the participating jurisdiction. The term "agency" includes government corporations and other entities authorized or supervised by the Participating Jurisdiction. The Implementing Entity may be the entity that operates the SSBCI program.

**Main Capital Allocation** means the funds described in 12 U.S.C. § 5702(b).

**Program Income** means gross income received by the Participating Jurisdiction that is directly generated by an SSBCI-supported activity or earned as a result of SSBCI Funds during the SSBCI program period. Program Income includes, but is not limited to, income from: fees for services performed that were funded or supported with SSBCI Funds; interest earned on loans made using SSBCI Funds; interest on SSBCI Funds not invested or lent to a small business; and returns on SSBCI-supported equity investments. Program Income does not include Returned Funds.

**Recycled Funds** means funds that (1) come to the Participating Jurisdiction in the form of Program Income, returned program services costs, repayment of principal, or return of invested capital (i.e., funds that have been previously loaned or invested), and (2) are expended, transferred, or obligated by the Participating Jurisdiction on new loans, investments, or other credit equity support.

**Returned Funds** means repayment of principal or return of invested capital (i.e., funds that have been previously loaned or invested).

**SEDI Allocation** means the funds described in 12 U.S.C. § 5702(d).

**SEDI Incentive Allocation** means the funds described in 12 U.S.C. § 5702(e).

**SSBCI Funds** means the sum of Allocated Funds and Recycled Funds.

**VSB Allocation** means the funds described in 12 U.S.C. § 5702(f).

### **Section 1.2 Rules of Interpretation.**

The terms defined in Section 1.1 of this Allocation Agreement shall include the singular and the plural, if applicable. The words “herein,” “hereof,” “hereto,” and words of similar import refer to this Allocation Agreement.

## **Article II: Allocation and Disbursements**

### **Section 2.1 Allocation.**

Subject to the terms and conditions hereof, Treasury will provide to the Participating Jurisdiction Allocated Funds in the aggregate amount not to exceed the sum of the amounts listed under “Potential Allocation” on Schedule A and any additional SEDI Incentive Allocation amounts allocated by Treasury to the Participating Jurisdiction.

### **Section 2.2 Disbursements of Allocated Funds via Electronic Funds Transfer.**

Any Disbursements shall be made via electronic funds transfer by Treasury to the Participating Jurisdiction’s account designated in the Approved Application by the Participating Jurisdiction.

### **Section 2.3 Cash Depositories.**

The Participating Jurisdiction shall deposit and maintain Disbursements in a U.S. Government-insured interest-bearing account whenever possible. The Participating Jurisdiction is not required to maintain a separate account for receiving and maintaining Disbursements. If the Participating Jurisdiction maintains a depository account in which Allocated Funds are commingled with other funds, the Participating Jurisdiction shall maintain on its books a separate subaccount for the Allocated Funds.

### **Section 2.4 Conditions Precedent for Disbursements.**

As a precondition to the second and third tranche Disbursements of the Allocation listed in Schedule A, the

Participating Jurisdiction shall deliver to Treasury a certificate signed on behalf of the Participating Jurisdiction by an Authorized Representative in substantially the form attached hereto as Annex A, and any supporting documentation requested by Treasury.

**Section 2.5 Authority to Withhold Disbursements Pending Audit.**

Treasury may withhold any Disbursement pending the results of a financial audit. Treasury will notify the Participating Jurisdiction of its decision to withhold such Disbursement.

**Section 2.6 Withholding or Suspending Disbursements.**

Notwithstanding anything herein to the contrary, Treasury may, in its sole discretion, withhold or suspend any Disbursement if Treasury believes the Participating Jurisdiction may have failed to comply with any term or condition of this Allocation Agreement pending the final compliance determination by Treasury. Treasury will resume making Disbursements to the Participating Jurisdiction upon Treasury's determination that the Participating Jurisdiction is in compliance with all applicable requirements and has appropriately remedied any violation, unless Treasury exercises additional remedies under Article V.

**Article III: Covenants and Agreements**

**Section 3.1 Compliance with Laws.**

The Participating Jurisdiction shall, and shall cause any entities with which it designates or contracts to implement Approved Programs, including its Implementing Entity and Contracting Entities, to, comply with the SSBCI statute (12 U.S.C. § 5701 et seq.), as amended or replaced from time to time, and Treasury's SSBCI regulations, guidance, and other requirements, as in effect from time to time.

**Section 3.2 Nondiscrimination.**

If the Participating Jurisdiction is not a Tribal government, the Participating Jurisdiction agrees to comply with statutes and regulations prohibiting discrimination, which include, but are not limited to:

- a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.) and Treasury's implementing regulations at 31 C.F.R. Part 22;
- b. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
- c. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 C.F.R. Part 23;
- d. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.); and
- e. Title IX of the Education Amendments of 1972, 20 U.S.C. § 1681 et seq., and Treasury's implementing regulations, 31 C.F.R. Part 28.

**Section 3.3 Uses of SSBCI Funds, Returned Funds, and Program Income.**

The Participating Jurisdiction shall only use SSBCI Funds, Returned Funds, and Program Income to carry out the Approved Programs. Without limiting the generality of the foregoing:

- a. The Recipient shall comply with the provisions of 31 U.S.C. § 1352, as amended, and with the regulations at 31 CFR Part 21.
- b. The Participating Jurisdiction shall not use any SSBCI Funds, Returned Funds, or Program Income to pay any costs incurred in connection with (i) any defense against any claim or appeal of the U.S. Government, any agency or instrumentality thereof (including Treasury), against the Participating Jurisdiction, or (ii) any prosecution of any claim or appeal against the U.S. Government, any agency or instrumentality thereof (including Treasury), which the Participating Jurisdiction instituted or in which the Participating Jurisdiction has joined as a claimant.
- c. The Participating Jurisdiction shall not use any SSBCI Funds, Returned Funds, or Program Income for loans, investments, and other credit or equity support to finance, in whole or in part, purposes prohibited by the SSBCI statute or Treasury's SSBCI regulations or guidance as in effect from time to time.



### **Section 3.4 Commencement of Performance.**

The Participating Jurisdiction shall be fully positioned within 90 days after the effective date of this Allocation Agreement to act on providing the kind of credit or equity support that the Approved Program was established to provide using the Allocated Funds.

### **Section 3.5 Internal Control and Financial Management System Requirements.**

The Participating Jurisdiction shall comply with the SSBCI statute and Treasury's regulations, and guidance related to internal control and financial management system requirements. The Participating Jurisdiction shall also comply with the standards for financial management systems, including internal control requirements, specified at 2 C.F.R. §§ 200.302 and 200.303. Notwithstanding the foregoing, the cash management requirements in 200.305 shall not apply to the Participating Jurisdiction.

### **Section 3.6 Reported Data Usage.**

The Participating Jurisdiction acknowledges that Treasury may perform and publish, or authorize others to perform and publish, program evaluation and other analyses based on the data reported to Treasury by the Participating Jurisdiction. The Participating Jurisdiction consents to such use and publication of the reported data, subject to applicable laws and regulations.

### **Section 3.7 Notices of Certain Material Events.**

The Participating Jurisdiction shall promptly notify Treasury in writing in reasonable detail:

- a. if there has been any material adverse change in the condition, financial or otherwise, or operations of the Participating Jurisdiction that may affect the Participating Jurisdiction's Approved Programs;
- b. if the Participating Jurisdiction believes that any representation, warranty, certification, assurance, or any other statement of fact contained in this Allocation Agreement, including the incorporated Approved Application, or any statement set forth in any document, report, certificate, financial statement or instrument now or hereafter delivered to Treasury in connection with this Allocation Agreement and the Approved Programs, was inaccurate, false, incomplete, or misleading when made, in any material respect;
- c. if the Participating Jurisdiction believes that it has materially failed to comply with any term or condition contained in this Allocation Agreement; and
- d. if there are facts, events, or circumstances, real or anticipated, that may materially affect the Participating Jurisdiction's ability to comply with the terms and conditions of this Allocation Agreement or to carry out the Approved Programs; in this event, the Participating Jurisdiction must describe actions taken or contemplated to be taken to address the issue.

### **Section 3.8 Publication of Approved Program Contact Information**

The Participating Jurisdiction agrees that Treasury may publish any e-mail contact information provided from time to time by the Participating Jurisdiction for each Approved Program listed in Schedule A.

## **Article IV: Representations and Warranties**

The Participating Jurisdiction represents and warrants as of the date hereof and as of the date of each Disbursement that:

### **Section 4.1 Authority of Authorized Representative.**

The Authorized Representative has all requisite power and authority to execute and deliver this Allocation Agreement.

### **Section 4.2 Due Authorization of Participating Jurisdiction.**

The execution and delivery by the Participating Jurisdiction hereof, the consummation by the Participating

Jurisdiction of all of the transactions contemplated hereby, and the performance by the Participating Jurisdiction of its obligations hereunder have been duly authorized by all necessary action on the part of the Participating Jurisdiction.

**Section 4.3 Due Execution and Delivery; Binding Agreement.**

This Allocation Agreement has been duly executed and delivered by the Participating Jurisdiction and constitutes a legal, valid, and binding obligation of the Participating Jurisdiction enforceable against the Participating Jurisdiction in accordance with its terms and conditions.

**Section 4.4 No Conflicts.**

The execution and delivery by the Participating Jurisdiction hereof, the consummation by the Participating Jurisdiction of the transactions contemplated hereby, and the performance by the Participating Jurisdiction of its obligations hereunder, do not and will not:

- a. conflict with or violate any existing law, regulation, or administrative or judicial decree or order; or
- b. conflict with, result in a breach of, or constitute a default under any existing agreement or other instrument to which the Participating Jurisdiction is subject or by which it is bound, other than any such conflict, breach, or default that could not reasonably affect the Participating Jurisdiction's performance of its obligations under this Allocation Agreement or its use of SSBCI Funds.

**Section 4.5 Litigation.**

There is no lawsuit or judicial or administrative action, proceeding, or investigation pending or threatened against the Participating Jurisdiction which is likely to have a material adverse effect on the ability of the Participating Jurisdiction to perform its obligations under this Allocation Agreement or the transactions contemplated hereby.

**Section 4.6 Disclosure.**

Neither this Allocation Agreement, nor the incorporated Approved Application, nor any other document or instrument delivered to Treasury by the Participating Jurisdiction related to this Allocation Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. The Participating Jurisdiction has disclosed, in writing, to Treasury all facts that might reasonably be expected to result in a material adverse effect upon the Participating Jurisdiction's ability either to conduct its business or to carry out this Allocation Agreement and the transactions contemplated hereby. The Participating Jurisdiction has not knowingly and willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry as part of its Approved Application or correspondence or communication with Treasury related to this Allocation Agreement.

**Article V: Termination For Cause and Other Remedies**

**Section 5.1 General Events of Default.**

Treasury, in its sole discretion, may find the Participating Jurisdiction to be in default in the event that either:

- a. Treasury determines that any representation, warranty, certification, assurance, or any other statement of fact contained in this Allocation Agreement, including the incorporated Approved Application, or any information or statement set forth in any document, report, certificate, financial statement or instrument now or hereafter delivered to Treasury in connection with this Allocation Agreement or the Approved Programs, is inaccurate, false, incomplete, or misleading when made, in any material respect; or
- b. Treasury determines that the Participating Jurisdiction has materially failed to comply with any term or condition under this Allocation Agreement, including, but not limited to, the Participating Jurisdiction's failure to submit complete and timely quarterly reports or annual reports; the Participating Jurisdiction's failure to expend the SSBCI Funds, Returned Funds, and Program Income

to carry out the Approved Programs; or the Participating Jurisdiction's failure expend the SEDI Allocation or VSB Allocation in the manner prescribed in Sections IV and V, respectively, of the Capital Program Policy Guidelines.

### **Section 5.2 Discretionary Remedies.**

If Treasury determines that the Participating Jurisdiction is in default under Section 5.1 hereof, Treasury may, in its sole discretion, take any one or more of the following actions, subject to Section 5.5 hereof:

- a. withhold Disbursements pending the Participating Jurisdiction's correction of the default; or
- b. reduce, suspend, or terminate the commitment of Treasury to make Disbursements to the Participating Jurisdiction under this Allocation Agreement.

### **Section 5.3 Specific Events of Default.**

Treasury shall find the Participating Jurisdiction to be in default in the event of a Treasury Inspector General audit finding of either:

- a. intentional or reckless misuse of Allocated Funds by the Participating Jurisdiction; or
- b. the Participating Jurisdiction having intentionally made misstatements in any report issued to Treasury.

### **Section 5.4 Mandatory Remedies.**

If Treasury determines that the Participating Jurisdiction is in default under Section 5.3 hereof, Treasury shall take the following actions:

- a. in the case of an event of default under Section 5.3(a) hereof, recoup any misused Allocated Funds that have been disbursed to the Participating Jurisdiction; or
- b. in the case of an event of default under Section 5.3(b) hereof, terminate the commitment of Treasury to make Disbursements to the Participating Jurisdiction under this Allocation Agreement and find the Participating Jurisdiction ineligible to receive any additional funds under this Allocation Agreement.

### **Section 5.5 Prior Notice to Participating Jurisdiction of Exercise of Remedies.**

Prior to exercising or imposing any remedy under Section 5.2(b), Treasury will, to the extent practicable, provide the Participating Jurisdiction with written notice of the determination under Section 5.1 and the proposed remedy. Treasury's written notice will give the Participating Jurisdiction 10 calendar days from the date of the notice to respond. Treasury may, in its sole discretion, also afford the Participating Jurisdiction 20 calendar days from the date of the notice to remedy the default. If the Participating Jurisdiction fails to respond or remedy the default, as determined by Treasury in its sole discretion, within the applicable period, Treasury may, in its sole discretion, exercise the remedies set forth in its written notice. Nothing in this Allocation Agreement, however, provides the Participating Jurisdiction with any right to any formal or informal hearing or other proceeding not otherwise required by law.

### **Section 5.6 Un-enrollment and Replenishment.**

The Participating Jurisdiction may submit a request to Treasury that a specific loan or investment previously made, or costs previously paid, by the Participating Jurisdiction using SSBCI Funds not be considered to have been made or paid with SSBCI Funds if (1) the Participating Jurisdiction or Treasury identifies a potentially noncompliant use of funds or (2) the Treasury Office of the Inspector General (OIG) identifies an instance of noncompliance or misuse not characterized as reckless or intentional. In this case, the Participating Jurisdiction shall follow the applicable procedures and requirements in Treasury's SSBCI regulations and guidance, including the Capital Program Policy Guidelines Section XII.

## **Article VI: General**

### **Section 6.1 Entire Agreement.**

This Allocation Agreement, which incorporates Schedule A and the Approved Application, constitutes the entire agreement and supersedes all other prior agreements, understandings, representations, and warranties, both written and oral, between the parties, with respect to the subject matter hereof.

**Section 6.2 Notices.**

All notices, requests, demands, consents, waivers, and other communications given under this Allocation Agreement shall be in writing and shall be mailed by postage-prepaid first-class mail, delivered by overnight courier service, or transmitted electronically via e-mail transmission to the addresses set forth in Schedule A. Either party may change its contact information set forth in Schedule A upon written notice given to the other party.

**Section 6.3 Amendments.**

This Allocation Agreement may be amended, modified, waived, supplemented, or terminated only by an instrument in writing duly executed by Treasury and the Participating Jurisdiction, except that Treasury may unilaterally amend this Allocation Agreement if required in order to comply with applicable federal law or regulation.

**Section 6.4 Assignment.**

The Participating Jurisdiction shall not assign or transfer its rights under this Allocation Agreement without Treasury's prior written consent.

**Section 6.5 Successors.**

This Allocation Agreement shall bind and inure to the benefit of the parties and their respective successors and permitted assigns.

**Section 6.6 Cumulative Rights.**

Each and every right, power, and authority under this Allocation Agreement shall be cumulative and in addition to every other right, power, and authority herein conferred, or now or hereafter existing at law or in equity, by statute or otherwise.

**Section 6.7 No Election.**

Each and every right, power, and authority, whether conferred in this Allocation Agreement or otherwise existing, may be exercised from time to time and as often and in such order as may be determined by Treasury, and the exercise or the beginning of the exercise of any right, power, or authority shall not be construed to be an election or a waiver of the right to exercise at the same time or thereafter any other right, power, or authority.

**Section 6.8 Rights Confined to Parties.**

Nothing expressed or implied herein is intended or shall be construed to confer upon, or to give, any person other than the Participating Jurisdiction or Treasury, and their respective successors and permitted assigns, any right, remedy, or claim under or by reason hereof, and all of the terms and conditions herein shall be for the sole and exclusive benefit of the Participating Jurisdiction, Treasury, and their respective successors and permitted assigns.

**Section 6.9 No Waiver.**

No delay or failure by Treasury in the exercise of any right, power, or authority under this Allocation Agreement shall impair any such right, power, or authority, or be construed to be a waiver of or acquiescence in such event, nor shall any abandonment or discontinuance of steps taken to exercise any right, power, or authority preclude any further exercise thereof.

**Section 6.10 No Partnership.**

Neither this Allocation Agreement, nor any part or provision hereof, nor the exercise by Treasury of any of its rights or authorities hereunder, shall evidence or establish, or be construed as evidencing or establishing, any partnership, joint venture, or similar relationship of Treasury with the Participating Jurisdiction.

**Section 6.11 Severability.**

Any provision of this Allocation Agreement that is prohibited or unenforceable in any jurisdiction shall, as to

such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability shall not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 6.12 Headings.**

The descriptive headings of the various articles and sections contained in this Allocation Agreement are for convenience only and shall not be deemed to affect the meaning or construction of the provisions herein.

**Section 6.13 Counterparts.**

This Allocation Agreement may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same agreement. In addition, this Allocation Agreement may be executed by electronic signature in accordance with the E-SIGN Act of 2000. Executed signature pages to this Allocation Agreement may be delivered by electronic mail (including pdf) to the addresses specified in Schedule A, and such electronic copies will be deemed as sufficient as if actual signature pages had been delivered.

**Section 6.14 Effective Date.**

This Allocation Agreement shall be effective as of the date of its execution by both parties.

IN WITNESS WHEREOF, this Allocation Agreement has been duly executed and delivered by the duly authorized representatives of the parties hereto.

**U.S. Department of the Treasury**

Signature: \_\_\_\_\_

Authorized Representative:

Title:

Date:

**Vermont (Participating Jurisdiction)**

Signature: \_\_\_\_\_

Authorized Representative: Cassandra Polhemus

Title: CEO

Date:

## SCHEDULE A

## ADDITIONAL TERMS

### Potential Allocation

Main Capital Allocation: \$52,092,000.00  
SEDI Allocation: \$1,117,696.00  
SEDI Incentive Allocation Initial Eligible Amount: \$596,105.00  
VSB Allocation: \$4,142,176.00  
Total Allocation: \$57,947,977.00

### Approved Programs

Vermont Loan Participation Program  
trichardson@veda.org  
Vermont Equity Capital Program (Direct)  
nick.grimley@vermont.gov  
Vermont Equity Capital Program (Funds)  
nick.grimley@vermont.gov

### Implementing and Contracted Entities

Implementing Entity: Vermont Economic Development Authority  
Contracted Entities: Vermont Center for Emerging Technologies (VCET), Center on Rural Innovation (CORI)

### Contact Information of Parties

If to Treasury:  
Address: U.S. Department of the Treasury  
ATTN: State Small Business Credit Initiative  
Main Treasury Building  
Room 1310  
1500 Pennsylvania Avenue, N.W.  
Washington, DC 20220  
Telephone Number: (866) 220-9050  
E-mail address: SSBCI\_Information@treasury.gov

If to the Participating Jurisdiction:  
Address: 58 East State Street  
Suite 5  
Montpelier, VT 05602  
Telephone Number: 8022722399  
Facsimile Number:  
E-mail address: joan.goldstein@vermont.gov

**ANNEX A**

**CERTIFICATION REQUIRED AS A CONDITION TO DISBURSEMENT**

In connection with the State Small Business Credit Initiative (SSBCI) Allocation Agreement (Allocation Agreement), dated as of [ ], 2022, between the jurisdiction specified below (Participating Jurisdiction) and the U.S. Department of the Treasury, the undersigned hereby certifies that:

1. The Participating Jurisdiction is in compliance with all terms and conditions of the Allocation Agreement;
2. The representations or warranties made by the Participating Jurisdiction in the Allocation Agreement are true and correct as of the date hereof in all material respects;
3. The Participating Jurisdiction has expended, transferred, or obligated at least 80 percent of its prior tranche Disbursement of Allocated Funds for federal contributions to, or for the account of, the Participating Jurisdiction's Approved Programs, and each of these Approved Programs have delivered loans or investments to eligible businesses; and
4. I have authority to sign this certification on behalf of the Participating Jurisdiction.

Capitalized terms used but not defined herein have the respective meanings set forth in the Allocation Agreement.

IN WITNESS WHEREOF, this Certificate has been duly executed and delivered as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**[Participating Jurisdiction]**

By: \_\_\_\_\_

Name:

Title:

Date:



**SSBCI Application Number: SSBCI-0223**

**Applicant Name: Vermont**

Applicant Type: State Department or Agency

Submission Date: 2/9/2022 4:56 PM

Notice of Intent Number: NOI-0000196

Notice of Intent Entity Name: Vermont

SSBCI Application Status: Application Approved - Agreement in Progress

PDF Generated Date: 07/06/2022

## **TAB 4: Application Overview**

### **Section 4.1 – Applicant Overview**

Applicant Type: State Department or Agency

Applicant Name: Vermont

### **Section 4.2 – Application Contacts**

Primary First Name: Joan

Primary Last Name: Goldstein

Primary Title: Commissioner of Economic Development

Primary Email: joan.goldstein@vermont.gov

Primary Phone: 8022722399

Secondary First Name: Nick

Secondary Last Name: Grimley

Secondary Title: Director of Entrepreneurship

Secondary Email: nick.grimley@vermont.gov

Secondary Phone: 8027982328

### **Section 4.2A – Permission to Share Contact Information**

Do you permit Treasury to share your application contacts' information in Section 4.2 with other states, the District of Columbia, Tribal governments, and territories for program collaboration purposes?

Yes

## TAB 5: Entity Information

### Section 5.1 – Implementing Entity

Implementing Entity Name: Vermont Economic Development Authority  
Unique Entity Identifier (UEID): TYPJCLTTGHZ1  
Implementing Entity TIN/EIN: 036024497  
Implementing Entity DUNS Number: 043565675  
Does the implementing entity have an active SAM.gov registration?: Yes  
Street Address 1: 58 East State Street  
Street Address 2: Suite 5  
City: Montpelier  
State: VT  
Zip Code: 05602  
Zip code +4:

Implementing Entity Letter of Designation: You are required to submit a letter of designation from the governor of the state or executive governing official of the territory, the District of Columbia, or Tribal government. This letter must expressly state that the governor or governing official has designated the Implementing Entity named above to accept the SSBCI allocation behalf of the state, territory, the District of Columbia, or Tribal government; the entity designated above will implement and oversee the state, territory, the District of Columbia, or Tribal government's program(s), and has the legal authority to enter into an Allocation Agreement with Treasury.

Upload the Implementing Entity Letter of Designation.

Title	Upload Date
Designation letter for VEDA to US Treasury - 12-9-21	12/10/2021 8:42 AM

### Section 5.2 – Authorized Official

First Name of Authorized Official: Cassandra  
Last Name of Authorized Official: Polhemus  
Title: CEO  
Organization: Vermont Economic Development Authority

Email: cpolhemus@veda.org  
Phone: 8028285627  
Street Address 1: 58 East State Street  
Street Address 2: Suite 5  
City: Montpelier  
State: Vermont  
Zip Code: 05602  
Zip Code +4:

Has the Authorized Official in Section 5.2 delegated to an another official the authority to certify and electronically sign the application on their behalf?

No

**Section 5.3 – Contracted Entity (If Applicable)**

Name: Vermont Center for Emerging Technologies, Inc. (VCET)  
Type: Not-for-profit entity authorized or supervised by the eligible jurisdiction  
POC Name: David Bradley  
Email: [david@vcet.co](mailto:david@vcet.co)  
Phone: 8022536843  
Address: 23 Mansfield Avenue , Burlington, VT 05405

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**Section 5.3 – Contracted Entity (If Applicable)**

Name: Center on Rural Innovation (CORI)  
Type: Not-for-profit entity authorized or supervised by the eligible jurisdiction  
POC Name: Matt Dunne  
Email: [matt@ruralinnovation.us](mailto:matt@ruralinnovation.us)  
Phone: 8024364100  
Address: 2 Quechee Rd , Hartland, VT 05048

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## TAB 6: Awardable Amount

### Section 6.1 – Applicant Awardable Amount

**Statement on Legal Actions:** Please upload a narrative describing the necessary legal actions (such as legislative authorization) that have been taken or that need to be taken to enable the designated Implementing Entity to implement the applicant’s programs, as required under 12 U.S.C. 5703(b)(2). This narrative should confirm that (1) the entity is legally capable to bind the state, the District of Columbia, Tribal government or group of Tribal governments , or territory to obligations with the Federal Government; and (2) the legal mechanisms are in place for the state, the District of Columbia, Tribal government or group of Tribal governments, or territory to accept the transfer of SSBCI funds and Treasury to deliver funds to the Implementing Entity designated in **Section 5.1**. If any actions are still necessary to enable the entity to implement the applicant’s proposed program(s) (such as legislative approval, if applicable), indicate what the remaining actions are and when they will be complete. This application will not be approved until all legal actions necessary to enable the designated Implementing Entity to implement the proposed program(s) and participate in the SSBCI have been accomplished and the state, the District of Columbia, Tribal government, or territory has provided Treasury with description of such action.

Title	Upload Date
statement of legislative actions.12.8.21	12/8/2021 9:46 AM

Under the statute, SSBCI is authorized to award multiple categories of funds. Preliminary allocations are listed below. As a reminder, all information associated with the Technical Assistance program will be collected in a separate application.

Main capital amount: \$52,092,000.00

Very Small Business (VSB) amount: \$4,142,176.00

Socially & Economically Disadvantaged Individuals (SEDI) amount: \$1,117,696.00

Initial eligible amount of Incentive funding: \$596,105.00

Total Potential Funding Amount: \$57,947,977.00

**Underserved Narrative:** Please detail how you plan to use the federal contributions for your approved programs to help provide access to capital for small businesses in low- and moderate-income, minority, and other underserved communities, including women- and minority-owned small businesses. Treasury encourages states, territories, the District of Columbia, and Tribal governments to consider the following when including plans regarding “other underserved communities”: rural communities, communities undergoing the economic transitions, including communities impacted by the shift towards a net-zero economy or deindustrialization, and communities surrounding Minority-Serving Institutions, which include, but are not limited to, Historically Black Colleges and Universities (as defined in 20 U.S.C. § 1061(2)), Hispanic-Serving Institutions (as defined in 20 U.S.C. § 1101a(a)(5)), Tribal Colleges and Universities (as defined in 20 U.S.C. § 1059c(b)(3)), and Asian American and Pacific Islander Serving Institutions (as defined in 20 U.S.C. § 1059g(b)(2)).

This narrative should describe efforts to reach underserved communities that are specific to each program; if similar measures are being deployed across two

or more programs, please indicate that. This narrative should contain information sufficient for Treasury to evaluate whether your plan to help provide access to capital for underserved communities is substantive and relevant to local market conditions. This narrative should describe how you will monitor performance with your plan, including relevant metrics, as you will be required to provide a description of any updates to your plan and your progress toward the metrics cited in your plan in your annual report.

This narrative can include details, if applicable, on how you intend to identify, develop, or expand existing programs to meet the needs of SEDI-owned businesses. States, territories, the District of Columbia, and Tribal governments are not required to establish a separate program for SEDI-owned businesses. However, any narrative that addresses meeting the needs of SEDI-owned businesses must detail how these programs will focus on (1) businesses whose owners are SEDIs or (2) businesses located in, operated in, or whose owners reside in CDFI investment areas, which are geographies with SEDIs and SEDI-owned businesses that experience a substantial lack of access to capital and investment.

This narrative that contains the jurisdiction's underserved plan, as well as subsequent annual reporting on the plan, may be made public by Treasury. If Treasury makes this information public, Treasury will withhold information that appears to be personally identifiable information (PII), sensitive information such as commercial or financial information about small businesses, or information that involves privacy, security, and proprietary business interests. Treasury will work with states to seek to protect the confidentiality of such information.

Title	Upload Date
Application_Underserved Narrative	2/9/2022 4:12 PM

Will all or part of the requested amount be used as collateral for a qualifying loan or swap funding facility?

No

**Section 6.2 – Financial Institution Information**

Financial Institution Name: People's United Bank  
Financial Institution Phone: 8667727254  
Financial Institution Street Address 1: 77 Pine Street  
Financial Institution Street Address 2:  
Financial Institution City: Burlington  
Financial Institution State: VT  
Financial Institution Zip code: 05401  
Financial Institution Zip code +4:

Routing Transit Number: \*\*\*\*\*2186  
Confirm Routing Transit Number: \*\*\*\*\*2186  
Account Number: \*\*\*\*\*0632  
Confirm Account Number: \*\*\*\*\*0632  
Is this account Checking or Savings?: Checking

## TAB 7: Program Overview

### Section 7.1 – Overview

#### CAP Programs

Program Type	Program Name	Amount Requested	Is this Program New or Existing?
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#### OCSP Programs

Program Type	Program Name	Amount Requested	Is this Program New or Existing?
OCSP - Loan Participation Program	Vermont Loan Participation Program	\$28,973,988.50	Yes
OCSP - Equity Capital Program (Direct)	Vermont Equity Capital Program (Direct)	\$18,000,000.00	No
OCSP - Equity Capital Program (Funds)	Vermont Equity Capital Program (Funds)	\$10,973,988.50	No

## TAB 8: Program Details

### Section 8.1 – Administering Entities

#### All Programs

Program Type	Program Name	Amount Requested	Is this Program New or Existing?
OCSP - Loan Participation Program	Vermont Loan Participation Program	\$28,973,988.50	Yes
OCSP - Equity Capital Program (Direct)	Vermont Equity Capital Program (Direct)	\$18,000,000.00	No
OCSP - Equity Capital Program (Funds)	Vermont Equity Capital Program (Funds)	\$10,973,988.50	No

### Section 8.1B – Other Credit Support Programs (OCSP) Criteria

#### OCSP Programs Details

Program Type	Program Name	Amount Requested	Is this Program New or Existing?	Administering Entities
OCSP - Loan Participation Program	Vermont Loan Participation Program	\$28,973,988.50	Yes	Vermont Economic Development Authority (Implementing)

#### OCSP Program Information Uploads

Title	Upload Date
OCSP Loan Participation Program	2/9/2022 4:09 PM

#### OCSP Additional Considerations Uploads

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Title	Upload Date
OCSP Loan Participation - additional considerations	2/9/2022 4:09 PM

OCSP Independent Financial Audit Upload:

Title	Upload Date
VEDA Financials_2021_FINAL	2/3/2022 2:20 PM

Program Type	Program Name	Amount Requested	Is this Program New or Existing?	Administering Entities
OCSP - Equity Capital Program (Direct)	Vermont Equity Capital Program (Direct)	\$18,000,000.00	No	Vermont Center for Emerging Technologies, Inc. (VCET) (Contracting), Center on Rural Innovation (CORI) (Contracting)

OCSP Program Information Uploads

Title	Upload Date
OCSP Equity Capital Program (Direct)	2/9/2022 3:55 PM

OCSP Additional Considerations Uploads

Title	Upload Date
OCSP Equity Capital (Direct) additional considerations	2/9/2022 3:55 PM

OCSP Independent Financial Audit Upload:

Title	Upload Date
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Title	Upload Date
VEDA Financials_2021_FINAL	2/9/2022 3:56 PM

Program Type	Program Name	Amount Requested	Is this Program New or Existing?	Administering Entities
OCSP - Equity Capital Program (Funds)	Vermont Equity Capital Program (Funds)	\$10,973,988.50	No	Vermont Economic Development Authority (Implementing)

OCSP Program Information Uploads

Title	Upload Date
OCSP Equity Capital Program (Funds)	2/9/2022 4:02 PM

OCSP Additional Considerations Uploads

Title	Upload Date
OCSP Equity Capital Program (Funds) additional considerations	2/9/2022 4:02 PM

OCSP Independent Financial Audit Upload:

Title	Upload Date
VEDA Financials_2021_FINAL	2/9/2022 4:03 PM

**Section 8.1C – Leverage Data**

**Leverage Ratio Data Table(s):** The SSBCI statute mandates that for OCSPs to be eligible for federal funding, jurisdictions must demonstrate, at the time of application, a “reasonable expectation” that, when considered with all other approved programs under SSBCI, such programs have the ability to use their federal contributions to generate small business lending or investing (“private leverage”) of at least 10 times the amount of the Federal contribution. To this end, you must use the application portal Leverage Tables for each applicable program to demonstrate the calculation and the assumptions underlying your leverage calculations, filling in the blue shaded fields as appropriate to enable auto calculation of leverage ratio projections. The chart below entitled “Leverage Table Input Guide” provides additional guidance on what inputs are required in the Leverage Tables. Please note this model calculates the leverage ratio under an assumed timeline of 10 years after each transaction that first uses SSBCI funds. To further assist the SSBCI Program in evaluating your leverage projections, please also submit historical performance data, if applicable, to support your assumptions.

Title	Upload Date
Vermont_SSBCI - OCSP Leverage Tables.05_25_22	6/23/2022 3:34 PM
Vermont SSBCI - OCSP Leverage Tables - 02.10.2022 funds vF	2/9/2022 3:47 PM
Vermont_Application Revisions_06.14.2022	6/23/2022 3:34 PM
Fund 1 Proforma \$15mm	6/23/2022 3:34 PM
Fund 1 Prior Fund Leverage	6/23/2022 3:34 PM

Use the space below to articulate any assumptions or a brief narrative to support the data uploaded in the previous field.

Our leverage table assumes two private venture capital funds, two direct investment funds (hard to articulate in the leverage table), and one loan participation program.

**Section 8.2 – Program Officials**

Program POC Name: Thad Richardson

Program POC Title: CFO

Program POC Email: [trichardson@veda.org](mailto:trichardson@veda.org)

Program POC Phone: 8028285470

Program(s): Vermont Loan Participation Program (OCSP - Loan Participation Program)

**Section 8.2 – Program Officials**

Program POC Name: Nick Grimley

Program POC Title: Director

Program POC Email: [nick.grimley@vermont.gov](mailto:nick.grimley@vermont.gov)

Program POC Phone: 8027982328

Program(s): Vermont Equity Capital Program (Direct) (OCSP - Equity Capital Program (Direct))

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### **Section 8.2 – Program Officials**

Program POC Name: Nick Grimley

Program POC Title: Director

Program POC Email: [nick.grimley@vermont.gov](mailto:nick.grimley@vermont.gov)

Program POC Phone: 8027982328

Program(s): Vermont Equity Capital Program (Funds) (OCSP - Equity Capital Program (Funds))

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## Tab 9 – Compliance and Oversight

Indicate how the Applicant plans to staff compliance and oversight activities (select all that apply)

Current Staff; Contract Staff

**Staff Compliance and Oversight:** Please upload a narrative describing what reporting mechanisms, audits, or other internal controls and compliance activities (a) the applicant has in place or (b) need to be implemented to enable the applicant to conduct oversight and meet annual and quarterly reporting requirements for the proposed program(s). Please include information for all proposed programs. In addition, explain the steps you will take to promote a fair, competitive, and open selection and contracting process. These steps could include application and enforcement of the jurisdiction's existing procurement and ethics policies, as well as new measures that your jurisdiction chooses to implement specifically for the SSBCI program. Examples of such policies to include limitation or disclosure of political contributions to the jurisdiction's officials with authority to select SSBCI contractors; reporting requirements for lobbying activity, including lobbying related to the SSBCI contractor selection process or program implementation; or request-for-proposal policies to govern the process for evaluating bids for SSBCI-related contracts. Documentation should not exceed 5 pages.

Title	Upload Date
Compliance and Oversight Narrative - 02022022 Draft (004)	2/9/2022 3:49 PM

**Assurances of Compliance with Civil Rights Requirements:** If approved, SSBCI funding recipients will have to comply with legal requirements related to nondiscrimination and nondiscriminatory use of federal funds, where such laws are applicable to a recipient and any contracted entity operating SSBCI programs on the recipient's behalf. To confirm that you will comply with these legal requirements if approved for SSBCI funding, please download, review, and have an authorized official sign the assurances of compliance with civil rights requirements form and upload the signed form here.

Title	Upload Date
Signed_Assurances of Compliance with Civil Rights Requirements	1/27/2022 11:03 AM

## **Tab 10 – Authorized Official Certification**

An Authorized Official in **Section 5.2** or official with delegated authority in **Section 5.2A** must sign your application using a DocuSign electronic signature.

By electronically signing and submitting this application, the Implementing Entity, any associated entities listed in this application, and the identified Authorized Official or official with delegated authority certify under penalty of perjury that:

1. all the information provided in this application is true and correct;
2. the Implementing Entity has and shall retain documentation and records to support the information provided in this application;
3. the Authorized Official or official with delegated authority will distribute and notify all applicants, entities, and organizations listed in this application of the status and documentation associated with this application, if applicable; and
4. the Implementing Entity shall make such supporting documents and records available upon request.

After you click the button SUBMIT APPLICATION FOR AUTHORIZED SIGNATURE below, an email will be sent to the Authorized Official in **Section 5.2** or official with delegated authority in **Section 5.2A** with your application and a DocuSign link to electronically sign the application. **Please ensure the email addressed submitted in Section 5.2 and 5.2A is active and correct.**

**WARNING:** Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil penalties (18 U.S.C. §§ 287, 1001; 31 U.S.C. §§ 3729, 3802). Treasury may refer any allegations of fraud, waste, or abuse in connection with SSBCI to the Treasury Inspector General.



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: Joint Fiscal Committee members  
From: Sorsha Anderson, Senior Staff Associate  
Date: November 16, 2021  
Subject: Grant Request – JFO #3074

Enclosed please find one (1) item, which the Joint Fiscal Office has received from the Administration. This item is being held for the Joint Fiscal Committee meeting scheduled for Wednesday, November 17, 2021.

**JFO #3074** – \$57,947,977.00 to the Agency of Commerce and Community Development, Dept. of Economic Development from the American Rescue Plan Act. Funds for a Small Business Credit Initiative to increase and expand programs designed to increase access to capital for small businesses.

*[Received November 16, 2021]*



**State of Vermont**  
 Department of Finance & Management  
 109 State Street, Pavilion Building  
 Montpelier, VT 05620-0401

[phone] 802-828-2376  
 [fax] 802-828-2428

Agency of Administration

<b>STATE OF VERMONT FINANCE &amp; MANAGEMENT GRANT REVIEW FORM</b>					
<b>Grant Summary:</b>		State Small Business Credit Initiative to increase and expand programs designed to increase access to capital for small businesses.			
<b>Date:</b>		11/12/2021			
<b>Department:</b>		ACCD – Economic Development			
<b>Legal Title of Grant:</b>		American Rescue Plan Act 2021-State Small Business Credit Initiative			
<b>Federal Catalog #:</b>					
<b>Grant/Donor Name and Address:</b>		U.S. Department of Treasury, 1500 Pennsylvania Avenue NW, Washington, D.C. 20220			
<b>Grant Period:</b>	<b>From:</b>	3/31/2022	<b>To:</b>	2/28/2028	
<b>Grant/Donation</b>		\$57,947,977			
	<b>SFY 1</b>	<b>SFY 2</b>	<b>SFY 3</b>	<b>Total</b>	<b>Comments</b>
<b>Grant Amount:</b>	\$19,122,832	\$19,122,832	19,702,312	\$57,947,977	(Difference in total is due to rounding.)
<b>Position Information:</b>		<b># Positions</b>	<b>Explanation/Comments</b>		
<b>Additional Comments:</b>		AA-1 submitted prior to grant award due to US Treasury guidance and to improve chances of award (per Comm. Joan Goldstein).			
<b>Department of Finance &amp; Management</b>			Adam Greshin	<small>Digitally signed by Adam Greshin Date: 2021.11.12 15:40:13 -05'00'</small>	(Initial)
<b>Secretary of Administration</b>			Kristin Clouser	<small>Digitally signed by Kristin Clouser Date: 2021.11.12 15:40:13 -05'00'</small>	(Initial)
<b>Sent To Joint Fiscal Office</b>					<b>Date</b>

Jason Aronowitz Digitally signed by Jason Aronowitz  
Date: 2021.11.12 14:08:05 -05'00'





## MEMORANDUM

To: Members of the Joint Fiscal Committee

From: Joan Goldstein, Commissioner, DED

Date: 11/12/2021

Re: AA-1-Grant Acceptance Form

This memorandum is to request approval of the attached State of Vermont Request for Grant Acceptance (AA-1 form) for the \$57,947,977.00 U.S. Treasury State Small Business Credit Initiative (SSBCI), to be allocated to Vermont. These federal funds are available through the American Rescue Plan Act of 2021, Title III, Subtitle C Section 3301 (ARPA). This request is made prior to the grant award due to a requirement in the Treasury Guidance dated November 10, 2021, which requires "the applicant to submit a short narrative statement from the governor of the state of the United States or governing official of the District of Columbia, territory, or Tribal government describing the actions that have been taken to delegate responsibility for the program and attaching any relevant documentation in support of that." 12 U.S.C. § 5703(b)(1) and (b)(2). ACCD has the power to delegate responsibility of the program to The Vermont Economic Development Authority (VEDA). VEDA was created and established as a body corporate and politic and public instrumentality of the State. 10 VSA § 213(a). Obtaining this pre-approval by the Governor and the Legislature now will increase the chance of the grant award.

*Get  
permission*

### PREFACE:

The SSBCI program as laid out in Section 3301 of ARPA reauthorizes and amends the Small Business Jobs Act (SBJA) of 2010, which established the State Small Business Credit Initiative (SSBCI) program. The Act specifically describes how the programs shall be enacted, the limitations on the programs, and the various eligibility criteria, for example, \$4,142,176 is allocated for businesses with 10 or fewer employees, and \$1,713,801 for socially and economically disadvantaged individuals.

Applications for SSBCI capital programs must be initiated by December 11, 2021, and be completed by February 11, 2022. A complete application, with responses to all sections of the application, must be submitted by February 11, 2022, or the State of Vermont will not be eligible for SSBCI funding. Getting the JFC approval now to accept funds from Treasury upon their approval of our plan clears the way for us to submit a complete application to US Treasury. When these funds become available and are ultimately allocated to the State of Vermont, the funds must be used for: small business financing programs, which includes capital access programs, loan participations, loan guarantees, collateral support, and venture capital fund programs.

The Plan: The Department of Economic Development (DED) within ACCD, would be the designated entity to accept funds from the US Treasury, then would sub grant the funds to VEDA, who will utilize a portion of the funds for loan products and would subsequently sub contract to investment managers to carry out the requirements and objectives of the investment capital program.

### PROPOSED DISTRIBUTION:

**Debt Program**

VEDA plans to allocate 50% of the SSBCI funding toward a loan participation program, similar to the use of funds in the first SSBCI program, where VEDA successfully utilized over \$13 million.

Subject to the Treasury guidance, the loan participation program will be open to all VEDA's current lending areas, to include Agriculture, Commercial, Small Business, Technology, and Energy. The funding will allow VEDA to make loans at either a higher risk level, or lower interest rate, than typically available based on their usual source of funding & capital available.

VEDA will generally take a subordinate position to a bank, bridging the gap between bank debt and available borrower equity.

VEDA would also plan to make funds available to the Vermont based Community Development Finance Institutions (CDFIs) as needed to assist with any loan demand they have beyond traditional funding sources.

### **Investment Capital Program**

According to the Center on Rural Innovation (CORI), less than 1% of all venture capital goes to rural startups. This gap has significant consequences due to the ability of entrepreneurship to spark economic growth. SSBCI is a once in a generation opportunity to make sure that Vermont's innovative entrepreneurs have access to the capital they need to grow. Many of these companies do not qualify for traditional debt financing programs therefore we are proposing allocating half of the SSBCI funds to investment capital programs.

VEDA plans to allocate the remaining 50% to investment capital programs. VEDA has been working with the Vermont Center for Emerging Technologies (VCET) an independent non-profit since 2010 to manage the Vermont Seed-Capital Fund. The team at VCET continues to manage the Vermont Seed-Capital Fund on behalf of VEDA and for example could manage an additional \$15 million of the SSBCI investment capital program based on current appetite for investment. The VCET team is experienced and very well known throughout Vermont's innovation ecosystem. VCET employs experienced venture capital investors who can meet the goals of this federal program.

Based on Treasury guidance, VEDA would run a public Request for Proposal (RFP) process to identify and contract with one or more private investment capital managers to manage the \$28,973,988.50 allocation. The intent is to diversify the management of the funds and to explore funds that would focus on social impact and underserved business owners.

Investment capital will help support the early-stage growth of companies across a wide spectrum of sectors, including, but not limited to, AgTech, Aerospace, Clean Energy, Consumer Food/Beverage, FinTech, MedTech, and many more. Startups in these industries are often unable to finance the new venture through traditional debt products. The investment capital program helps fill that gap and will support the future industries of Vermont.

Administration of the SSBCI Funds:

SSBCI administrative costs are defined and governed by the Uniform Cost Principles in 2 C.F.R. Part 200 Subpart E. The Uniform Cost Principles contain criteria that must be used to establish chargeable administrative costs and specific information on allowable costs in various cost categories.

Administrative costs are capped by statute (see 12 U.S.C. § 5702(c)(3)(C)-(D)). Specifically, for the first tranche, the administrative costs are not to exceed 5 percent of SSBCI funds, and for the second or third tranche, the administrative costs are not to exceed 3 percent for the respective tranche.

**STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)**

<b>BASIC GRANT INFORMATION</b>				
<b>1. Agency:</b>	ACCD			
<b>2. Department:</b>	Dept. of Economic Development			
<b>3. Program:</b>	State Small Business Credit Initiative			
<b>4. Legal Title of Grant:</b>	American Rescue Plan Act 2021-State Small Business Credit Initiative			
<b>5. Federal Catalog #:</b>				
<b>6. Grant/Donor Name and Address:</b>	U.S. Department of Treasury, 1500 Pennsylvania Avenue NW, Washington, D.C. 20220			
<b>7. Grant Period:</b>	<b>From:</b>	3/31/2022	<b>To:</b>	2/28/2028
<b>8. Purpose of Grant:</b>	Section 3301 of the American Rescue Plan Act of 2021 provides direct funds to States pursuant to the State Small Business Credit Initiative to increase and expand programs designed to increase access to capital for small businesses.			
<b>9. Impact on existing program if grant is not Accepted:</b>	VEDA will not be able to build on successful models for small business financing programs, including collateral support programs, Other Credit Support Programs(OCSP), Capital Access Programs (CAPs) and loan guarantee programs without this grant. This gives VEDA the opportunity to increase its programming with out having to borrow funds in order to provide financing for small businesses of Vermont.			
<b>10. BUDGET INFORMATION</b>				
	<b>SFY 1</b>	<b>SFY 2</b>	<b>SFY 3</b>	<b>Comments</b>
<b>Expenditures:</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	
Personal Services	\$350,000*	\$	\$	
Operating Expenses	\$ 50,000	\$	\$	As per guidance, outreach and events will be required
Grants	\$18,722,832	\$19,122,832	\$19,702,312	
<b>Total</b>	\$19,122,832	\$19,122,832	\$19,702,312	may not be in 3 consecutive years: dependent upon uptake of first tranche.
<b>Revenues:</b>				
State Funds:	\$	\$	\$	
Cash	\$	\$	\$	
In-Kind	\$	\$	\$	
Federal Funds:	\$	\$	\$	
(Direct Costs)	\$19,122,832	\$19,122,832	\$19,702,312	33% First Tranche; 33% Second Tranche; 34% Third Tranche

**STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)**

(Statewide Indirect)	\$	\$	\$
(Departmental Indirect)	\$	\$	\$
Other Funds:	\$	\$	\$
Grant (source )	\$	\$	\$
<b>Total</b>	\$	\$	\$

<b>Appropriation No:</b>	7120010000	<b>Amount:</b>	\$19,122,832
			\$
			\$
			\$
			\$
			\$
			\$
		<b>Total</b>	\$19,122,832

**PERSONAL SERVICE INFORMATION**

**11. Will monies from this grant be used to fund one or more Personal Service Contracts?**  Yes  No  
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: Joan Goldstein \*RFP for audit/compliance contract  
 Agreed by: \_\_\_\_\_ (initial)

12. Limited Service Position Information:	# Positions	Title
<b>Total Positions</b>		

**12a. Equipment and space for these positions:**  Is presently available.  Can be obtained with available funds.

**13. AUTHORIZATION AG**


I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):

**APPROVED**

*By Joan Goldstein at 11:14 am, Nov 12, 2021*

Title: Commissioner

Date: \_\_\_\_\_

Signature: 

Title: Secretary

Date: 11/2/21

**14. SECRETARY OF ADMINISTRATION**

Approved: \_\_\_\_\_ (Secretary or designee signature) **Kristin Clouser** Digitally signed by Kristin Clouser Date: 2021.11.15 11:03:04 -05'00' \_\_\_\_\_ Date: \_\_\_\_\_

**15. ACTION BY GOVERNOR**

Check One Box:  Accepted  \_\_\_\_\_ Date: 11/16/21

**STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)**

<input type="checkbox"/>	Rejected	(Governor's signature)	Date:
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**16. DOCUMENTATION REQUIRED**

<b>Required GRANT Documentation</b>	
<input type="checkbox"/> Request Memo <input type="checkbox"/> Dept. project approval (if applicable) <input type="checkbox"/> Notice of Award <input type="checkbox"/> Grant Agreement <input type="checkbox"/> Grant Budget	<input type="checkbox"/> Notice of Donation (if any) <input type="checkbox"/> Grant (Project) Timeline (if applicable) <input type="checkbox"/> Request for Extension (if applicable) <input type="checkbox"/> Form AA-1PN attached (if applicable)

**End Form AA-1**

(\*) The term "grant" refers to any grant, gift, loan, or any sum of money or thing of value to be accepted by any agency, department, commission, board, or other part of state government (see 32 V.S.A. §5).