

HARTFORD BUSINESS REVOLVING LOAN FUND COMMITTEE

Meeting Minutes

October 3rd, 2018 at 8:30 a.m.

Hartford Town Hall

171 Bridge St., Room 317

White River Junction, VT 05001

Members Present: Dennis Driscoll (Vice-Chair), Frank Klymn, Ryan Scelza and Jay Zanleoni (by phone)

Members Absent: Kevin Raleigh (Chair)

Others present: Robert Haynes, GMEDC Executive Director, Mark Condon, GMEDC Executive Assistant, Lori Hirshfield, Town of Hartford Director of Planning and Development and Richard Grassi, Hartford Selectboard.

In Committee Chair Kevin Raleigh's absence, Vice-Chair Dennis Driscoll ran the meeting. With quorum met, the meeting was called to order at 8:31 a.m.

Minutes

Jay Zanleoni made a **motion** to approve the minutes from the June 6th, 2018 and July 9th, 2018 HBRLF Committee Meetings, Frank Klymn seconded the motion and the motion passed unanimously.

Executive Session: Review of the Loan Summary Report for August 2018 and any pending loans

Frank Klymn made a **motion** to go into Executive Session due to the proprietary nature of the information in the August 2018 Loan Summary Report. Ryan Scelza seconded the motion, and the motion passed.

The meeting went into Executive Session at 8:34 a.m.

At 8:40 a.m. the meeting came out of Executive Session. No action was taken.

Discussion on the Use and Financing of the HBRLF

Lori Hirshfield informed the Committee that the Town was applying for a \$1,000,000 VCDP Loan to contribute to the funding of an assisted living facility being constructed in White River Junction. Should this be awarded, it would be loaned to the facility and as it is paid back, half the funds would be returned to VCDP and half would be kept by Hartford to be used for economic development in the town. What the terms of the loan would be still needs to be negotiated. She said the Selectboard had raised the issue of how these funds should be used,

should they be plugged in to the RLF, or used in another way to promote economic development, such as housing? Lori suggested that this was the time to start the discussion as to the future functionality of the RLF and the scope of the Committee's activities.

Lori read the following from the HBRLF Guidelines, as amended on May 12, 2015:

Purpose: The Hartford Business Revolving Loan Fund will be used principally to provide loans that will assist Town of Hartford businesses to create or retain employment in Hartford. Loans under this program will be made to enhance the economic vitality and stability of the community, and economic development opportunities in the Town. Under special circumstances where a project will broadly stimulate economic development activities in the Town, the Selectboard may approve the use of funds directly by the Town, or as a grant for a private sector development.

The intent of the Loan Fund is to compliment and support the activity of lending institutions; therefore, loan requests that leverage other funds will be given priority. Applications will not be considered unless applicant has previously sought other financing.

Lori said we should be asking, "What is the best thing for the Town?" What should we be targeting? The new amounts would have to be kept in a separate fund from the current one as there will be different regulations restricting the funds. We just need to figure out what we want, then aim for that. If we want to do something different, we set things up for that.

Bob Haynes said that it comes down to if we are happy with what we have been doing. Do we like the businesses we have helped and that have paid the fund back?

Dennis Driscoll stated that the RLF has traditionally been here to help businesses who otherwise have been unable to get funding. He thought that it should still be our focus.

Ryan Scelza noted the phrase "retain employment" in the guidelines. He asked if that was the main goal of the fund. Lori stated that when the guidelines were amended in 2015, the word "principally" was added, as well as the sentence starting, "Under special circumstances..." This was meant to open up possible uses of the funds more broadly. Economic development would be the focus, not just job retention, so if say, a study could be funded that would help bring a business to town it.

Richard Grassi said it had been his idea, after conversations with Kevin Raleigh, to consider other uses of new funds. There has not been a lot of demand for the current funds over the past couple of years. If it is replenished by \$500K, \$400K or \$300K, should it be used in other ways

like affordable housing? He said that this Committee was very important to the Town and that the Committee members are the experts on these matters. He asked the Committee if they thought the fund should be replenished by these amounts and if there would be a demand for them?

Dennis asked Lori if it would be mandated that the money come to the RLF. She said that it would have to come to some sort of RLF, but in the past, the Town also had a Housing RLF. We have some flexibility on the use of the new funds should they come in and we could do something like a Housing RLF again or split the funds in a couple of different RLFs.

Bob Haynes said that the Regional Development Corporations around the state come in many different sizes with access to different amounts of funds. GMEDC for this area is small with only two employees and has access to only a small amount of funds, including the HBRLF, to offer businesses. The recent loan to KAG auto dealership to help them come to town opened up the size of businesses the fund could attract. Bob hoped that at least some of any new funds would be used to replenish the Business RLF.

Ryan agreed, saying that Hartford is making a comeback and he didn't want to see us constrained as to what assistance we could offer businesses in the town.

Frank said it would require a short-term effort to replenish the RLF now, as it would only be replenished by this possible VCDP grant in the long-term with payments on the loan being made over five years. He thought that as the economy improves and interest rates go up, the banks will tighten who they will lend to. This will lead to more businesses needing the assistance of the RLF for loans.

Jay Zanleoni left the meeting at 9:00 a.m.

Frank asked if all the funds could go into the RLF and then it be decided how to portion it out? Lori said that operationally, the new funds from a VCDP loan would have to go into a second separate account. Frank asked if funds could be used to market the RLF? Lori said that would have to go to the Selectboard for approval before funds could be used that way.

Richard asked if the Committee expected to see an increase in demand for loans? Frank said that for a while the banks were funding anything, but that he expects them to tighten up. Dennis stated that it has been pretty competitive.

Dennis thought that the RLF had to hold on to being "last resort" funding, but that he would be in favor of expansion in its uses. He suggested things along the lines of low-interest loans to

low-income people for the weatherization of their homes or other such uses. Ryan noted that the guidelines would need to be revised for such expansions.

Richard asked what the minimum balance for a viable RLF was given this fund only less than \$80K on hand to lend? It was noted that the recent loan of \$150K to KAG was the exception and that the typical loan was \$50K. Richard stated that as we were loan away from being empty we would have to find a way to replenish the fund.

Lori said we would have to dig in to find what our options for replenishing it are. Bob noted that he was meeting with all the other RDCs tomorrow and could ask them about their RLFs. Lori asked if there would be room on that meeting's agenda to ask what other resources, such as foundations, could be put into an RLF?

Lori suggested that we could think about this and strategize on how to replenish the fund and what uses it could be put to. She thought some of the Committee members could meet again in a month's time to continue the discussion. Bob said that he would write up a memo and circulate it to the Committee. Dennis asked once that was done that Mark send out a doodle poll to members regarding scheduling a meeting.

Adjournment

Ryan Scelza made a motion to adjourn the meeting, Frank Klymn seconded the motion and the motion passed unanimously.

The meeting adjourned at 9:21 a.m.