

**HARTFORD BUSINESS REVOLVING LOAN FUND COMMITTEE/
HARTFORD VCDP REVOLVING LOAN FUND COMMITTEE**

Meeting Minutes

September 1st, 2021 at 8:30 a.m.

Hartford Town Hall, Room 312

171 Bridge Street, White River Junction, VT

And via Zoom and by Conference Call

This meeting was conducted in compliance with the Vermont Open Meeting Law with electronic participation. The public was able to join the meeting from a computer, tablet or smartphone.

Members attending online/by phone: Ryan Scelza - Chair, Michael Gabriele, Frank Klymn, and Jay Zanleoni

Others present online/by phone: Erika Hoffman-Kiess, GMEDC Executive Director and Kim Souza, Hartford Selectboard Representative

Others present in person: Mark Condon, GMEDC Executive Assistant and Lori Hirshfield, Town of Hartford Department of Planning and Development Director.

With quorum met, Committee Chair Ryan Scelza called the meeting to order at 8:33 a.m.

Minutes

Frank Klymn made a **motion** to approve the minutes from the August 4th, 2021, HBRLF/VCDP Committee Special Meeting, Jay Zanleoni seconded the motion and the motion passed unanimously.

Executive Session: Review of the Confidential Loan Summary Report for July 2021 and Updates on any Potential Loan Applications

Jay Zanleoni made a **motion** to go into Executive Session due to the proprietary nature of the information in the July 2021 Loan Summary Report and to receive an update on any potential loan applications. Frank Klymn seconded the motion, and the motion passed.

The Committee went into Executive Session at 8:35 a.m.

At 8:39 a.m. the meeting came out of Executive Session. No actions were taken.

Marketing of the HBRLF & VCDP RLF

Ryan stated that the special meeting the Committee held in August was a good start for the discussion on marketing the funds. An updated version of the marketing brochure was included in the materials for this meeting. Ryan went over the changes that had been made to it based on comments from the prior meeting. The Committee agreed that the new version was now ready to use.

The Committee discussed where copies of the brochure should be displayed. The library, the Chamber of Commerce and Town Hall were all mentioned. Lori Hirshfield said it could go out in general distribution to the places the town posts notices. She suggested a video version could be made to display on the monitor in the Town Hall lobby. Kim Souza suggested a digital version to be emailed out.

Ryan asked the status of new websites for the Town and GMEDC. Lori said the Town has now contracted with a web designer and work will soon begin. Erika Hoffman-Kiess said GMEDC's new website is currently being worked on and should be live in about a month. The same content as the brochure will appear on the website. Mark Condon stated there also will be links to the guidelines and the application form.

Ryan said the RLFs could also be marketed on the local listservs. He thought that this down time for applications was a good time for these activities such as marketing plans.

Loan Application Fees

Ryan noted that at the beginning of the pandemic the Committee informally began allowing loan applicants to defer the \$100 application fee until loan closing. The question is should we continue that or end the deferrals. He asked Mark to go over what the fees currently are.

Mark stated that the guidelines for both funds have a \$100 application fee that normally would have to be paid at the time of handing in an application. Since the pandemic began these have been deferred until loan closing. There is also a \$200 documentation fee at the time of closing. Lori noted that the borrower also must cover the Town's legal fees at closing.

Mark noted that the contract terms GMEDC has had with the Town for around the last four years pays GMEDC \$300 for each application that has been prepared, reviewed and submitted to the Committee and another \$300 when a loan has a closing. The fees being charged to the applicant do not match the administration costs to the funds. Lori noted that the loan interest was intended to cover these administration fees.

Ryan noted that with Jay being a banker and Kim Souza being a business owner we should get a good overall picture of what the fees should be. Jay said that as we now only charge Wall Street Prime or 3.25%, whichever is higher, it is almost free money. He suggested we could do it as a set fee or add 1-2% of the loan to make some money back from a larger borrower. He noted that the RLFs are almost a service though and it is more important to put the money out on the street.

We are the lender of last resort. He thought at the end of the day there would not be much difference is we keep the fees the same or increase them. Kim said as a business owner she initially thought the fees sounded high but then remembered that with any loan there would be processing fees. She said could see going with Jay's idea of adding a percentage point. Mike Gabriele said he was not a fan of fees but understood the funds need to cover costs. Frank said he did not have strong feelings one way or the other.

Ryan said he liked Jay's point about us being the lender of last resort. He suggested that the application fee be kept at \$100 and the documentation fee at \$200 for now. We can then revisit the issue in six to twelve months to see how we feel then. The Committee agreed.

Jay asked Lori if there had ever been any pushback from applicants on the fees. Lori said there has been on the legal fees at closing a couple of times. Jay noted that as we often are putting in something after a larger loan from a bank, the primary lender's fees would be far larger, making ours seem quite insignificant. Lori noted that likewise the primary banks often do much of the legal work that the Town's lawyer would otherwise have to do which keeps our legal fees down.

Mark reminded the Committee members that if they wanted to revise the applicant fees at a later date, the Committee would submit recommended changes to the Selectboard for approval.

Other Business

Ryan asked if anyone had any other business.

Frank asked Lori what the definition for "low- and moderate-income" in regard to the requirements for loans from the VCDP RLF. Lori said the State revises that income amount from time to time with it being based on a family of four. She said she would have to look up the current numbers and send them to Frank.

Erika said there will be a series of zoom meetings this fall on where businesses can find funds and that she would like to use HBRLF as a model. She would like the Committee to start thinking about which member could represent them on one of meetings. She noted there are currently some towns trying to figure out how to run their RLFs so there could be a separate meeting for municipalities to look at it from that side.

Adjournment

Frank Klymn made a motion to adjourn the meeting, Jay Zanleoni seconded the motion and the motion passed unanimously.

The meeting adjourned at 9:15 a.m.