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

Meeting Minutes

July 17, 2024 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.

The HBRLF/ VDCP RLF Committee Members:
Crystal Pearson (term expires 6/26/2026)
Frank Klymn (term expires 2/21/2026)
Michael Gabriele (term expires 3/11/2027)
Jay Zanleoni – Chair (term expires 3/11/2027)

Members attending online/by phone: Jay Zanleoni - Chair and Crystal Pearson

Others attending online/by phone: Erika Hoffman-Kiess, GMEDC Executive Director and Susan Buckholz, Hartford Selectboard Representative

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

Quorum was not met, thus no official actions could be taken.

Call to Order: Committee Chair Jay Zanleoni called the meeting to order at 8:38 a.m.

Order of Agenda: Jay asked if there were any changes to the agenda. As there was not quorum, approval of the June 12th, 2024 meeting minutes would have to wait until the next meeting.

Public Comments: No members of the public attended the meeting.

Discussion of Interest Rates

Jay stated that he had met with GMEDC's Erika Hoffman-Kiess and Mark Condon last week to discuss the RLF's interest rates. From that, they developed the following proposed language:

"Loans will generally not exceed 25% of the project costs or $50,000 unless the project offers compelling employment possibilities. RLF financing will carry a rate that shall not exceed the prime interest rate, as stated in the Wall Street Journal on the date of loan approval, nor shall it be less than 5%. Terms shall be for up to five years, or as determined by the HBRLF."

Currently, the Guidelines for both Hartford RLFs read as, "*Interest rates will start at 3.25% or Wall Street Prime, whichever is higher, pending an overall risk assessment on the loan.*" Wall Street Prime is currently at 8.5%. This language was set in February 2021.

Jay explained that while the HBRLF funds are often the last money in on loan packages, thus can be at higher risk, the suggested change seeks the middle ground of bringing in enough interest while incentivizing people local businesses to use the revolving loan funds. The interest rates of other revolving loan funds around the state were looked at, particularly the one run by the Springfield Regional Development Corporation (SRDC) as it is geographically nearby.

The first part of the new language, *"Loans will generally not exceed 25% of the project costs or $50,000 unless the project offers compelling employment possibilities,"* was come to as 25% would cover general equity requirements of most commercial lenders. On a $100K project, most banks would require a business to put in 20-25% of the cost, which the business might not have on hand and could come to the RLF to help cover. The language gives enough leeway to the Committee to be flexible.

The rate portion was come to as the 5% minimum should cover the administrative costs of running the RLFs. While it would be great to get 9% return, if the money is not being borrowed, no interest is coming in and the funds aren't being used to help the local economy. It is possible that at some point in the future, the cap of "*not to exceed the prime interest rate,*" could cause us to be lower than the "*not less than 5%*." Should prime go down that much, we could revisit the language. Right now, the new language would put the rates for new loans between 5% - 8.5%.

Lori thought there was language in the guidelines regarding the use of the funds for catastrophes. It was agreed that would be left in the guidelines.

Jay thought the new language would give more clarity to potential borrowers and allow the Committee to market the RLF more effectively to Hartford businesses. Erika noted that many local businesses have told her that they are unable to borrow any more money based on current interest rates.

Lori explained that the process from here would be to have the Committee meet again with quorum to review and approve new interest rate language for the Committee Guidelines. She would then do a write-up to the Selectboard explaining the proposed changes. This would then be presented to the Selectboard by members of the Committee at a Selectboard meeting. If the Selectboard approves the changes, they then become official.

Lori suggested the Committee take a close look at the entire Guidelines to see if there is anything else they would like to change at this time. Mark said he would send out the Guidelines to Committee members to make sure they are looking at the most recent versions which are dated as being amended in February 2021.

Crystal Pearson said she liked the proposed changes as it gives flexibility, has a minimum that will cover costs and a maximum tied to Prime. Jay noted that Prime is easy for potential borrowers to look up online.

Other Business

Jay asked if there was any other business. Mark asked when the next meeting should be: not until the regularly scheduled September meeting or another Special Meeting before then? Susan Buckholz said the Selectboard expected to be very busy over the new few months, so the sooner the proposed guideline changes could go to them, the better.

It was decided that the Committee would try to have a Special Meeting on July 24th, 2024 at 8:30am. Mark will check with the other two Committee members to see if quorum could be obtained for that date.

Adjournment

Crystal Pearson made a motion to adjourn the meeting, Jay Zanleoni seconded the motion and the motion passed unanimously.

The meeting adjourned at 9:05 a.m.