

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

Special Meeting Minutes

January 13th, 2021 at 10:30 a.m.

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, Frank Klymn, and Jay Zanleoni

Others present online/by phone: Robert Haynes, GMEDC Executive Director, Mark Condon, GMEDC Executive Assistant, Erika Hoffman-Kiess, GMEDC Business Navigator/Associate Director, Jake Glenshaw, GMEDC VISTA Volunteer and Kim Souza, Hartford Selectboard Representative

With quorum met, Committee Chair Ryan Scelza called the meeting to order at 10:33 a.m.

Minutes

Frank Klymn made a **motion** to approve the minutes from the December 2nd, 2020 HBRLF Committee Meeting, Jay Zanleoni seconded the motion and the motion passed unanimously.

Loan Interest Rate Discussion

Ryan Scelza stated that the Committee will now continue the discussion that began at the December 2, 2020 Committee meeting regarding the interest rate the HBRLF (and VCDP-RLF) should be charging for new loans.

Bob Haynes explained the current rate listed in the RLF Guidelines was Prime+3%. As the Committee discussed last month, we feel we should do what we can to help benefit local businesses with these loans. Bob recommended the interest rate be changed to Prime. He noted that the Committee has varied the rate charged for some loans in the past depending on conditions including risk and loan size. Bob also noted that the Town was not borrowing the funds used to make these loans as some RLFs do in other towns. The Town had also just given 49 businesses outright grants of \$2,000 each from the HBRLF indicating its desire to support local businesses. Bob did acknowledge that when the HBRLF makes loans, it is typically the last money in, so it does assume a higher degree of risk reflected in the pricing.

Frank Klymn asked if there would be a minimum interest rate should Prime happen to fall below the current rate. Jay Zanleoni noted that current Prime rate is 3.25%.

Ryan asked about a current loan that was being charged a lower interest rate than Prime already. Bob and Frank explained that was an accommodation to a failed business. The business owner

continues to honor his debt and pay monthly, so the Committee agreed to set a lower interest rate in consideration.

Ryan said he could support a rate of Prime. Jay said that as a banker he would be more comfortable if there were a floor to the rate. Ryan also wondered if the Committee would be better stewards of the funds if we used Prime+1% for new loans and if we could charge a higher rate for a particularly risky loan?

Mark Condon read the following from the current HBRLF Guidelines:

“The HBRLF Committee shall consider, but not be limited to fully amortized loans, with the interest rate set at one hundred percent of the prevailing Wall Street prime rate plus 3% (to be set on the date that the HBRLF Committee approves the loan). Normal loan terms will be for up to five years with no term greater than 10 years. This may be modified for real estate secured loans, where longer terms may be considered. Interest rates will be fixed for the term of the loan. Under special circumstances where a project will broadly stimulate economic development activities in the Town, the Selectboard also may approve a reduction in the interest rate and/or the terms of the loan.”

Mark said the new language could say “rates *starting* at Prime, not going below a specified amount”. Possible wording choices were then discussed.

Motion: Jay Zanleoni made the motion that the new interest rate for loans be posted as, “Interest rates will start at 3.25% or Wall Street Prime, whichever is higher, pending an overall risk assessment on the loan.” Frank Klymn seconded the motion, which passed unanimously.

Executive Session: Review of the Loan Summary Report for December 2020 and Review of a New Loan Application

Frank Klymn made a **motion** to go into Executive Session due to the proprietary nature of the information in the December 2020 Loan Summary Report and to consider a new loan application. Jay Zanleoni seconded the motion, and the motion passed.

The Committee went into Executive Session at 10:58 a.m.

At 11:38 a.m. the meeting came out of Executive Session. The following action was taken:

Motion: Jay Zanleoni made a motion to approve a loan of \$50,000 to Roost Holdings, LLC, located at 230 South Main Street, White River Junction, VT 05001 at an interest rate of 3.25% with a five-year balloon and a 10-year amortization period. This loan will be subordinate to a loan from Claremont Savings Bank, and assume third-position once SBA’s funds are advanced, following completion of the renovations. The approval is contingent upon the following conditions:

- An acceptable Personal Financial Statement is received from Mark Babson
- Personal guarantees from Mark Babson and his spouse
- Corporate guarantees from River Roost Brewing LLC and Roost Distribution, LLC

- UCC liens on all current and future business assets including machinery, furnishings, furniture, fixtures, equipment, inventory, contract rights, securities, trade names, accounts receivable, and insurance policies covering such assets.
- RLF loan proceeds will be advanced subject to the borrower's personal funds being applied at closing.
- Town of Hartford named as loss payee on key-person life insurance on borrower for \$50,000 or the same amount carved out of an existing life insurance policy.
- Monthly payments on the loan be made via ACH payments.
- Borrower provides to the Town of Hartford quarterly financials and tax returns within 90 days of the end of its fiscal year.
- Post-closing business consultations with GMEDC/VtSBDC on an annual basis.

Frank Klymn seconded the motion, which passed unanimously.

Other Business

Ryan said that he would talk to Lori Hirshfield to get the Committee members list on the Town's website updated and also to list a vacancy for the Committee listed. Additional discussion and guidance are also requested to specify the relationship between the HBRLF Committee and the VCDP-RLF process Lori Hirshfield described.

Adjournment

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

The meeting adjourned at 11:42 a.m.