

**HARTFORD BUSINESS REVOLVING LOAN FUND COMMITTEE**

**Special Meeting Minutes**

**May 5<sup>th</sup>, 2019 at 1:00 p.m.**

**Via Zoom and by Conference Call**

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

Members attending online/by phone: Kevin Raleigh (Chair), Frank Klymn, Ryan Scelza and Jay Zanleoni

Others present online/by phone: Robert Haynes, GMEDC Executive Director, Mark Condon, GMEDC Executive Assistant, Lori Hirshfield, Town of Hartford Director of Planning and Development and Kim Souza, Hartford Selectboard.

With quorum met, Committee Chair Kevin Raleigh called the meeting to order at 1:00 p.m.

Kevin welcomed Kim Souza as the new Hartford Selectboard representative to the HBRLF Committee.

**Discussion of HBRLF response to COVID-19 and loan program ideas**

Kevin suggested that in order to keep this online/by phone meeting running in an orderly manner that Lori Hirshfield lay out her ideas and thoughts first, then he would call on each Committee member and then Bob Haynes to give their thoughts on the matter.

Lori Hirshfield started by saying she had gotten the idea from the Woodstock Economic Development Commission's Business Relief Fund. They are dispersing \$1,000 loans to businesses in dire economic need due to the pandemic, with 0% interest, 12/months deferred payments and the ability to turn them into grants at the 12-month mark if the business are unable to pay them back.

Lori thought Hartford and the HBRLF should look to see if we could do something similar to supplement, but not replace other funding from the State and Feds. It would have to be something easy and quick but still have due diligence as it will be out of public funds. She said she had a brief conversation with Bob Haynes and Kevin, and then sent an email to the Committee with some thoughts and the request to hold this special meeting to discuss possibilities. She said we would have to look to see what constraints there were, how it could be administered so able to process quickly; making them easy and flexible with not too much underwriting; possibly for loans in the amounts of \$1K-\$2K. This meeting was to start discussion and put thoughts and ideas on the table.

Kevin asked Frank Klymn to be the first Committee member to speak.

Frank stated that he had read Lori's email but wasn't sure from it if we are discussing grants to businesses or if they would be loans to be paid back. Also, it seemed as if GMEDC would be administering them but that there would be no applications.

Lori clarified that there would be an application but no application fee. The HBRLF usually charges a \$100 application fee but we don't want to put an extra charge on already stressed businesses.

Frank asked if any business would qualify or would there have to be some level of business activity. He didn't want to see us trying to process a lot of \$1K loans. Would each application have to be run through the credit bureaus? Frank said the Woodstock one was calling itself a "Relief Fund" but he wasn't clear how they are handling it.

Lori stated she had heard from Woodstock's Sally Miller, that they may be treating theirs more flexibly than Hartford might want to. They have processed 35 applications so far for \$1k each and are looking at them as loans which may become grants if the businesses can't pay them back.

Frank said that if this is giveaway money, that may chafe with people who have taken loans out before from the HBRLF that have to be paid back.

Kevin noted that at the last special meeting of the HBRLF Committee that the Committee gave borrowers three-month deferrals on their loan payments due to the Covid-19 crisis, so they have received some consideration.

Kevin asked Jay Zanleoni to speak next.

Jay said that he was concerned with our ability to service these loan requests and didn't know what \$1K would do for a business. He also wondered if this would open us up to problems in the future, such as what happens when Applicant #81 doesn't get any money as the RLF has run out. Jay also questioned if we are big enough to handle 80+ requests in a timely manner.

Bob Haynes stated that GMEDC does not have the capacity to handle that level of applications. He said he and Mark are working remotely while servicing a large number of clients impacted by the pandemic as well as other emergency projects such as trying to keep VTC in Randolph. These type loan applications would require intake, monitoring, reporting and follow-up. He said that he did know of a few businesses in Woodstock that took their \$1K loans. He said it would be a lofty objective for Hartford to run something similar. It would put the HBRLF in a different light going forward if loans didn't have to be paid back. He said there could be other sources of funds for this such as the CDBG money coming in from the Village at White River project and the 1% option tax. Bob said it would be up to the Committee and the Selectboard.

Kevin asked Ryan Scelza to speak.

Ryan stated that he was fully supportive of it as an idea, but that we don't currently have a mechanism for it. He said he was curious what other options there were for this type project.

Kevin then took his turn to speak. He said he was going over the list of bullet points in Lori's initial email of thoughts. On the first bullet point he said he didn't know how much assistance a \$1K-2K loan with deferred payments for a year would be to most businesses given the other assistance out there including banks giving payment deferrals and government programs such as the PPP and EIDL. On the second bullet point of pursuing additional funding from the government, local banks and credits unions, he thought all the local banks already contribute a lot to the community and we shouldn't be asking them for money to give away. Kevin also thought that if 40-50 applications came in it would be impossible for us to administer as that is about 40 times more than the HBRLF usually handles at once. He said it would be logistically impossible for the Committee to meet enough to handle them in a timely manner. Kevin also expressed concern about how to fairly distribute these funds, He added that often it's the businesses "in the know" which are the first to apply, while smaller mom-and-pop businesses might be slower to hear about these even though they would benefit the most.

Bob asked Kim Souza what her and the Selectboard's thoughts were on the matter.

Kim said that she was not on the ad hoc Covid committee and that the full Selectboard has not addressed this issue. She noted that Hartford has to get voter approval for any use of the option tax so that could not be accessed anytime soon. She asked what entity is handling the Woodstock funds.

Lori said that it was the Woodstock Economic Development Commission. Bob said they gather about \$200K/year and have wrestled with what to do with it. Bob has talked to them in the past about starting an RLF but so far, they have preferred to use the funding for exterior building improvements and the village green. This use of their funds seems to fit them.

Kim said Hartford generates about the same amount from the option tax. She said she can think of ways in which \$1-2K loans can be beneficial to local businesses. At least one downtown landlord she knows of is only charging 25% of the normal rent right now. She suggested one possibility was to have the funds go to rent relief which ultimately would go to property owners which in turn goes to the town in property taxes. Kevin said this then seems like a program for the village and not the outer parts of town. Kim said it could be any part of town. Kevin asked if \$1-2K would do much towards rent relief. Kim stated that any business reopening will functioning at a fraction of their normal revenue so \$1K would certainly help until they get back to increasing revenue.

Lori said she would like the Committee to discuss different options including additional resources and maybe some other structure to be put in place. She said the Town's Finance Office doesn't have the bandwidth for something like this which they don't normally handle. She

floated the idea of partnering with another entity to offset some of the underwriting and processing concerns.? Kevin said it was worth discussing.

Lori said her bullet-point mentioning local banks was focused on their community reinvestment funds. Our funds could possibly be co-mingled with other funds. Bob asked the status of the CDBG funds from the Village at White River project? Lori said grand closeout should be completed soon, but these funds have other terms that need to be met.

Lori said suggested looking for a grant to hire a new person at GMEDC to handle the administration to these loans.

Frank raised a concern that if some new business wanted a loan, there would be a zero balance if all the HBRLF funds were used for this. Lori said we wouldn't have to put the entire available balance towards this, plus there would be the VWR funds soon for the existing type of HBRLF loans. Also, once the three-month deferrals are over, the normal loan payments put about \$4K/month back into the account.

Bob said that GMEDC currently has about \$25K in a Disaster Revolving Loan Fund from the USDA. And GMEDC has applied for another \$30K that may be awarded in August. So far businesses haven't taken the money as they have been waiting to see how the PPP and EIDL programs work out for them.

Lori said the State has been looking at linking all the available RLFs around Vermont and using a combined application form for all of them. Lori asked Bob if there were any updates on this program. Bob said we are still waiting on more information from Ted Brady. Lori suggested maybe piggybacking on that program. Bob said one issue is that some RLFs have borrowed money to lend out to businesses and it is not clear if the State would guarantee the loans through this. Bob said the idea of making use of RLFs in a combined manner is that some of these funds originally from CDBG have been sitting unused including one town that has \$2M which hasn't been touched in years. Bob said another issue would be Hartford could get applications through this for businesses in nearby towns. Lori said she was concerned about Hartford losing control of their own funds.

Kevin suggested that having discussed things this far, perhaps there was more for Lori to look at and then get back to the Committee again.

Jay wondered that if the Town's Finance Office couldn't take this on as they don't normally do loans, what if it was just grants? Is the ability to repay them important? And would you need to underwrite anything if the intention is just to get money into the hands of businesses?

Kevin said the Committee and the Town could get in trouble if these funds aren't available to all businesses and that there is equal access to them. Often "people in the know" have an advantage and we can't leave anyone behind.

Lori asked the bankers if they have been dealings with people trying to apply for a PPP and they just don't qualify, perhaps they could be referred to this.

Kim said there has been a survey that went out to 200 local businesses and the responses are just being compiled now. If businesses are all made aware of the availability of funds, that should be sufficient.

Bob apologized to Lori for his delayed response to her suggestions in this matter. He said that if anyone has further suggestions, they should send them in and perhaps the Committee can reconnect at the end of the week or the beginning of next week.

### **Adjournment**

Frank Klymn made a motion to adjourn the meeting, Kevin Raleigh seconded the motion and the motion passed unanimously.

The meeting adjourned at 2:00 p.m.