

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

Meeting Minutes

September 6, 2023 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 is:

Crystal Pearson (term expires 6/26/2026)

Frank Klymn (term expires 2/21/2026)

Michael Gabriele (term expires 3/8/2024)

Jay Zanleoni – Chair (term- expires 1/11/2024)

Members attending online/by phone: Jay Zanleoni - Chair, Crystal Pearson (joined at 8:40 a.m.), Frank Klymn, and Michael Gabriele

Others attending online/by phone: Erika Hoffman-Kiess, GMEDC Executive Director and Rocket, 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 Jay Zanleoni called the meeting to order at 8:34 a.m.

Jay noted there was one change to the agenda: As the June 7th meeting did not have quorum, the minutes of the March 8th meeting had not been officially approved and would thus be added to this meeting's agenda. He asked if there were any other changes to the agenda. There were none.

Minutes

Frank Klymn made a **motion** to approve the minutes from the June 7, 2023 HBRLF/VCDP Committee Meeting, Mike Gabriele seconded the motion and the motion passed unanimously.

Jay Zanleoni made a **motion** to approve the minutes from the March 8, 2023 HBRLF/VCDP Committee Meeting, Crystal Pearson seconded the motion and the motion passed unanimously.

Executive Session: Review of the Confidential Loan Summary Report for July 2023 and Updates on any Potential Loan Applications

Frank Klymn made a **motion** to go into Executive Session due to the proprietary nature of the information in the July 2023 Loan Summary Report and to receive an update on any potential loan applications. Mike Gabriele seconded the motion, and the motion passed.

The Committee went into Executive Session at 8:37 a.m.

Crystal Pearson joined the meeting at 8:40 a.m.

At 8:43 a.m. the meeting came out of Executive Session. No actions were taken.

Committee Membership

Jay reminded the group that the Committee is still one member short since Ryan Scelza left in March. It would be preferable if the position was filled by someone who is not a banker as that role is already well represented. Frank Klymn said that he has spoken to two non-bankers to see if they would be interested in applying to join the Committee and they are considering it.

Erika Hoffman-Kiess asked about posting the position on the Town's website. Lori Hirshfield said the new website is currently in a transitional state and the position will be listed soon.

Crystal Pearson suggested that the Committee and the open position could be spoken about during a Selectboard meeting so that more people would read about it in the public record. Rocket agreed to bring it up during one of those meetings.

Discussion of Potential Housing Programs

Jay noted that at the June meeting it had been agreed upon that there would be a special Committee meeting during the summer to discuss this potential housing program and that this meeting did not take place. Both Lori Hirshfield and Mark Condon said that responding to the July 7th flood had taken up all the extra time over the summer.

Lori stated that we had been discussing low interest loans or grants to assist in creating new housing including Accessory Dwelling Units (ADUs) in Hartford. The VCDP funds in the newer RLF have housing for Low to Moderate Income (LMI) as one of its potential uses. The eligibility for this could be the property owner or the person renting the space. Both revolving loan funds could be used for businesses coming into town that also want to create employee housing to help staff their businesses.

Jay noted that in previous discussions he had leaned toward loans instead of grants that would deplete the funds.

Rocket said that he would be in favor of loans over grants.

Crystal said that there already was the Vermont Housing Improvement Program (VHIP) which gives grants up to \$30K for the rehabilitation of an existing housing unit and up to \$50K for a new housing unit. She noted that these grants counted as taxable income which can trip some

people up at tax-time. Property taxes can also be affected as an ADU's extra kitchen will increase rates when a new appraisal is done.

Jay asked if the Committee was to come up with a "package" to start advertising to the public as ways to use the RLFs. Lori said not to just put something out there, but instead that a plan should be developed which would then be discussed with the Selectboard. She suggested it not just be limited to ADUs but could also be up to 4 or 5 housing units for the "missing middle." It should help leverage other funds outside of regular loans and be used in strategic ways to encourage businesses to come or stay in town. The two funds would have to be looked at differently, as the HBRLF is geared towards businesses while the 2020 VCDP-RLF specifically lists housing as one of the activities of the fund. Lori suggested a smaller subcommittee could further discuss potential ideas.

Erika said the state is currently developing a "missing middle" program. They recently visited WRJ.

Crystal suggested looking at the perspective of a homeowner considering adding an ADU to their property. VHIP grants set rent of a unit at a maximum of \$982/month including utilities. If the homeowner has to also take out a loan to finish the project, will they be able to pay off the loan with that capped rent? She thought we could come up with parameters for housing loans: up to a certain amount for a 1-bedroom, another amount for a 2-bedroom, but from a banking analysis we would have to consider if they will be able to payoff the loan.

Jay said we could ask local contractors and builders if they would consider HBRLF for loans as "Business" doesn't make people think of housing. He thought a \$25K loan with a capped rent of \$982/month rent wouldn't make sense unless it was a 30-year loan.

Crystal said that VHIP funded rentals have to go through the HAVEN program which is meant for the homeless. Businesses looking to create employees housing wouldn't want a VHIP grant and might come to HBRLF for low-interest loans.

Erika suggested that contacting Vital Communities might help with a small committee to see what makes sense for the area. They could help put us in touch with local developers. TRORC could also help as they have been working on the data-gathering effort called "Keys to the Valley." Lori said the Town has already been working closely with both groups to redo the housing chapter of the Town Plan. She just read a draft last night.

Lori thought that whether VHIP or other programs would come into play would have to be considered on a case-by-case basis. Every week there seems to be a new program coming out.

She thought we should look at how the RLFs could be used as part of a larger housing assistance structure, what the options could be including technical assistance, and how it would tie into ARPA funding. This all would be part of a larger total housing package brought to the Selectboard.

Jay said it would be helpful to see the data the Town has gathered for the housing chapter. Lori said it was public information and she could send it to the group.

Lori suggested the discussion be taken up with a smaller subcommittee of two Committee members, plus Lori and possibly Erika or Mark if they have the time. Jay suggested the meeting take place in person and then they would come back to the full Committee. He asked the Committee members who would be interested in joining him on it. Crystal said she was passionate about housing and would like to be on it. Mike said he was interested. Frank said housing issues were out of his experience so he would pass.

Jay asked Lori to pick three possible times in the next couple of weeks and send them out the the group to see what would work.

Discussion of Interest Rates

Jay noted that this was a topic the Committee said it would consider further.

Mark said he thought the current guidelines state the interest rate on HBRLF loans was Wall Street Prime +1, but that the Committee could take the amount of risk involved into account. Jay said that would be 9.5% right now.

Mark said even if the Committee can adjust the rate for each loan, what should we be advertising it to be. Jay questioned is people reading the information online will come to it being 9.5% and decide to not to take a loan from us and instead use their 401K instead or something else.

Lori suggested we revisit that language. We could do an outreach campaign saying we can be flexible on the rate.

Jay wanted to make sure we weren't deterring people from taking a loan from us prior to even speaking to us.

Frank said we don't really have a hook to bring people in based on our interest rate.

Jay asked if it could be Prime minus something. We might have been picking Prime simply as it is easy for people to find online. We are last in, so have the most risk, but in this interest rate environment maybe it should be Prime minus 2 or 3 but with a floor so if over the next 18 months it drops drastically, we aren't at 1.5%.

Lori suggested we come up with an outreach sheet to splash out, something further than the brochure that Ryan made. It would be something to get people thinking about the RLF. It could be put up on social media and advertised. Jay said he would be happy to draft something to bring back to the committee.

Other Business

Jay asked if there was any other business. There was none.

Adjournment

Frank Klymn made a motion to adjourn the meeting, Mike Gabriele seconded the motion and the motion passed unanimously.

The meeting adjourned at 9:31 a.m.

DRAFT