

HOLYOKE ECONOMIC DEVELOPMENT AND INDUSTRIAL CORPORATION

October 27, 2022 Meeting Minutes

Conference Room 403 and Zoom - Meeting ID: 860 0401 8257

Members Present:

Tessa Murphy-Romboletti
Joseph McGiverin
Antonio Quinones
Carl Eger, Jr.

Staff Present:

Aaron Vega, Executive Director
John Dyjach, Assistant Director
Jennifer Keitt, Development Specialist
Marie Brazeau, Head Clerk

Others Present: Glenn Shealey (Quantum Properties), Mike Sullivan, Steve Grande (Meridian Industrial Group)

1. Call to Order

Chairperson Tessa Murphy-Romboletti called the meeting to order at 5:00 p.m. and stated that the meeting was being recorded. All members present attended in person. A roll call followed:

<u>Name</u>	<u>Present</u>
Carl Eger, Jr.	X
Tessa Murphy-Romboletti	X
Joseph McGivern	X
Rosa Pantoja	Absent
Antonio Quinones	X
Mark P. Cutting	Absent

2. HEDIC Board Business

a. Meeting minutes of September 15, 2022:

A motion was made by Carl Eger and seconded by Joseph McGivern to approve the minutes of September 15, 2022 meeting. A roll call followed:

<u>Name</u>	<u>Yes</u>	<u>No</u>
Joseph McGivern	X	
Antonio Quinones	X	
Carl Eger, Jr.	X	
Tessa Murphy-Romboletti	X	

3. HEDIC Loan Program Update: Chairperson Tessa Murphy-Romboletti asked staff to provide an update on the new loan program concept that is under consideration. John Dyjach explained that discussions continue with Easthampton Savings Bank on a partnership for a micro-loan program for small and start-up manufacturing businesses. Recently the bank informed staff that they are unable to do the no interest loan and suggested a lower interest rate in the range of 4.5%. Mr. Dyjach said the bank suggested that if HEDIC was interested in offering a no-interest loan to businesses, an option could be for the HEDIC to pay the interest on these loans directly to the bank and the borrower would have no-interest. He explained that staff is now reconsidering the program with the bank versus managing the loans internally to keep the original concept and mission of the program intact. This would require doing a smaller amount of loans at a time, about 6 to 8 micro-loans to start. Aaron Vega added he had originally wanted to work with a bank to reduce workload on staff, but after conversations with Marie Brazeau who does administrative work for the existing HEDIC loan to the Holyoke Redevelopment Authority he has reevaluated. He is open to considering that staff manage the program in-house but that he still may want to seek assistance from a lending institution. Chairperson Murphy-Romboletti opened the floor for questions. Carl Eger asked if staff has a timeline for reestablishing a program. Mr. Dyjach responded that it would take a few months to put the program in place after the criteria is decided. Mr. Vega noted that one of the concerns with in-house loans is the ability for loan recipients to build their credit, but that one way to help is to provide recommendations for future bank loans that a business may seek. John Dyjach noted that a

loan policies and procedures document is drafted which will be presented to the Board. Joseph McGivern advised to have the proposed program reviewed by the Law Department and the Mayor.

4. **Quantum Properties, LLC Funding Request:** Chairperson Tessa Murphy-Rombolleti welcomed Glenn Shealey of Quantum properties who was present virtually and then opened the floor to staff for an update. John Dyjach directed the Board to the information in their packets with the letter from Quantum received September 12th, 2022. Aaron Vega highlighted the intriguing nature of the Water Street request to bring the land to be site ready but added that this is for a significant portion of HEDIC funds and informed the Board of the substantial logistics that a project of this scale requires. Further, he added this proposal is fully the Board's discretion, but staff will provide any necessary information and assistance. Glenn Shealey then presented his request for a non-recourse loan in the amount of \$450,000 for site-readiness work for Quantum's 15-acre property on Water Street which he estimated would cost roughly \$1M. He said that Quantum is prepared to pay about half and seeks a loan for the remainder. He estimated 6 to 9 months for the site work to be completed and then another two years to market the site. Quantum hopes to sell the property for the purpose of green energy production and envisions a full green-energy park. Mr. Shealey continued by saying he estimates the loan to be repaid in a 3 to 5 years, and to pay back HEDIC as each parcel is sold rather than making monthly loan payments. Chairperson Tessa Murphy-Rombolleti asked that if the scale of the project would require an Economic Development Plan as HEDIC has done in the past. Joseph McGivern stated that he believes it would as the revolving loan program account has been on hold. Carl Eger questioned as to why it could not be a loan. John Dyjach explained that the proposal does not meet the parameters of the previous loan program or the one being considered. He added that a loan of this scale may as suggested possibly be considered as part of an Economic Development Plan as has been done in the past where HEDIC's role was as a partner in developments. However, these plans typically involved a large-scale development with job creation and new real estate property tax revenues for the City. He added that Economic Development Plans require a public hearing and City Council approval. Joseph McGivern noted that among the list of uses in the proposal are funds for real estate property tax and that this would not be an appropriate use of the funds but must be addressed by Quantum. Mr. Shealey replied that Quantum will pay the taxes. Carl Eger suggested that the Board enter executive session to discuss other aspects of the request. Aaron Vega added that an executive session can be held at the Board's request and added that staff will follow the lead of the Board on this project but will provide guidance on procedures as needed. John Dyjach added that the HEDIC loan program typically involved a bank as the lead lender and applicants were required to provide financial records and collateral guarantees as well as to documenting why HEDIC's financing is required. He expects that similar information would be required in an economic development plan

Chairperson Murphy-Romboletti thanked those present and opened the floor for public comment. Mike Sullivan expressed his support for Quantum's request and described his appreciation for the work done on the properties over the past ten years. Mr. Sullivan went on to say this property was an expensive undertaking which he believes would have been left in disrepair without Quantum doing the Brownfields project. He went on to describe the environmental accomplishments and other challenges as well as the job creation resulting from Quantum's efforts. Steve Grande expressed his support for the project as well and spoke of Mr. Shealey's involvement in the community and business, adding that as a business owner he would like to see more development in the city.

Chairperson Murphy-Romboletti asked if there are any additional comments from the Board. Joseph McGivern stated his thanks for the proposal and comments and said he is enthused to hear about the potential for a green energy park. He said that while he is excited about the potential this project has, HEDIC is not a bank and needs to work collaboratively with developers through economic development plans and in conjunction with the Mayor and City Council. He went on to say that economic development plans make HEDIC an active participant in the project and helps to ensure that a project remains on track as well as bringing government tools. Carl Eger stated his concern about overcomplicating the request and that future development of this site would be expedited by

providing capital to Quantum. The Board agreed to discuss the matter in the executive meeting and asked that staff then follow-up with Quantum.

At 6:08 p.m., Board member Antonio Quinones excused himself from the meeting due to another commitment. Staff then provided a brief background on the Foreign Trade Zone program for informational purposes only due to the lack of a quorum.

5. **Foreign Trade Zone (FTZ) Program:** John Dyjach reviewed the summary that was emailed to the Board and provided a brief background on what a Foreign Trade Zone is and the benefits it has for manufacturers in Holyoke. He then explained that applicants to this program currently must wait long periods of time to be approved and active under the program to receive benefits. A new process has been established called Alternative Site Framework which allows FTZ grantees, which HEDIC is, to reorganize under this process which would expedite the process for future applicants. Mr. Dyjach said to do this HEDIC would have to apply to the National Foreign Trade Zones Board and that authorization will be requested from the Board at a future meeting to allow Staff to move forward with the Alternative Site Framework process.
6. **Other Business:** None
7. **Executive Session:** None
8. **Adjournment:** The meeting adjourned at 6:17pm.

Sincerely,



Tessa Murphy-Romboletti, Chairperson
Holyoke Economic Development and Industrial Corporation