

HOLYOKE ECONOMIC DEVELOPMENT AND INDUSTRIAL CORPORATION
November 29, 2022 Meeting Minutes
Holyoke City Hall Room 6

Members Present:

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

Staff Present:

Aaron Vega, Executive Director
John Dyjach, Assistant Director
Jennifer Keitt, Development Specialist

Others Present: Jane Mantolesky (Law Department), Glenn Shealey (Quantum Properties, LLC)

1. Call to Order

Chairperson Tessa Murphy-Romboletti called the meeting to order at 5:11 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	X
Antonio Quinones	X
Mark P. Cutting	X

All members attended in person.

2. HEDIC Board Business

a. Meeting minutes of October 27, 2022:

A motion was made by Carl Eger and seconded by Joseph McGivern to approve the minutes of October 27, 2022 meeting. A roll call followed:

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

The motion passed unanimously.

- 3. Property and Project Updates:** The Chair opened the floor to staff for any updates. John Dyjach said the Quantum properties loan request is the only matter to review. The Board received materials from staff concerning Mr. Shealey's (Quantum LLC) request for a loan from HEDIC for his property on Water Street for site readiness. Mr. Shealey has provided a budget plan asking for a \$450,000 loan from HEDIC and is proposing a first mortgage on the property as collateral. At the last meeting the Board considered if this project would fall under an Economic Development Plan or if it could be a loan under HEDIC's program. John Dyjach explained that since the amount requested exceeds the loan program's limit the Board might consider the options of modifying the program to allow for loans of this size or to partner with Quantum to development an Economic Development Plan. Aaron Vega noted that developing a site readiness program to help businesses develop properties is also an option the Board could consider. The Chair asked staff to provide an example of a past Economic Development Plan and the qualifications for this type of plan. John Dyjach said that although it has been several years since an Economic Development Plan was enacted one example is the plan that

the HEDIC and Holyoke Gas & Electric collaborated on to prepare, market and sell properties. Rosa Pantoja asked if there is a layout for these types of plans that the Board could look at for guidance. Mr. Dyjach said that one of the plans could be provided but that the requirements are prescribed by the State and include that the project be located in an economic development area, serve a public purpose and be approved by the City Council. Mr. Shealey expressed his belief in this property becoming a green energy park and the potential it has to bring positive improvements to the City. Joseph McGivern said he has always appreciated the work Mr. Shealey is trying to do and asked if the tax issues at these properties will be addressed and cleared up before this proposal possibly moves forward with HEDIC and the City Council. Mr. Shealey responded that he has arranged a meeting with the City Treasurer to discuss the property taxes.

4. Other Business:

- a. **Foreign Trade Zone (FTZ) Program:** John Dyjach referred the Board to the information provided in the meeting materials in regard to FTZ program and potential program modification called Alternative Site Framework or ASF. Mr. Dyjach briefly described the program's benefits and said that Holyoke's FTZ is one of only three in Massachusetts. He then explained that the ASF option was enacted several years ago by the U.S. Foreign Trade Zones Board as a way to increase efficiencies and enhance the program for businesses. Mr. Dyjach requested that the Board Authorize staff to apply for ASF designation. Carl Eger expressed his support for this and said he sees that it could increase access to the program for local businesses. Joseph McGivern concurred and said that the program has the potential to provide a competitive advantage for businesses located in the City or those looking to get established here.

A motion to authorize staff to proceed with an application for the Alternative Site Framework under the Foreign Trade Zone program was made by Carl Eger and seconded by Mark Cutting. A roll call followed:

<u>Name</u>	<u>Yes</u>	<u>No</u>
Carl Eger	X	
Rosa Pantoja	X	
Mark Cutting	X	
Tessa Murphy-Romboletti	X	
Joseph McGivern	X	
Antonio Quinones	X	

The motion passed unanimously.

- b. **HEDIC Loan Program:** Aaron Vega summarized the concepts that staff has been working on to re-establish a HEDIC loan program. He said the concepts include the option for the more traditional gap financing for established manufacturers and a "Makers" microloan program for small startup businesses who may not qualify for traditional financing. Mr. Vega said that to be eligible for the microloan concept a business must be a "maker" producing a product for commercial resale. He explained that staff reached out to local banks to propose partnering on the concept and a dialogue evolved with Easthampton Savings Bank. A partnership with ESB remains a possibility but due to changes in the economy over the last year the current proposed arrangement would not be the one originally discussed with the bank Mr. Vega said that based on initial discussions staff's hope has been that ESB would run the loan program and offer a low interest rate which would help to partially cover the bank's administrative expenses. With the changes in the economy, the bank is now estimating a variable interest rate to be in the 6% range for the borrower or that in place of the borrower paying interest that HEDIC could pay the equivalent in a fee which is estimated to be up to \$6,000 over a five-year term. Mr. Vega said that this arrangement has caused staff to reconsider an in-house program to be managed by Staff rather than a bank. Carl Eger noted that working with a bank provides the loan recipient with the benefits of building a credit history along with a positive relationship with a local bank.

Joseph McGiverin added that the interest rate may not be the primary concern as much as the repayment is since it would provide continued funding for the program so that more loans could be provided. Tessa Murphy-Romboletti said that she recently requested and received from staff a Loan Policies and Procedures document that is being drafted. She suggested that this document also be sent to the Board and to designate a future meeting to focus on determining the structure of setting the loan program. The Board concurred and Aaron Vega said that the information is being updated and would be sent in advance of the next meeting.


c. Aaron Vega asked for the Board's concurrence to set the fourth Thursday of each month as the regularly scheduled date for HEDIC Board meetings. Additionally, due to the potential of inclement weather and being the cold and flu season, he asked for the Board's concurrence for the January and February meeting to be virtual only. The Board concurred to both requests.

5. **Executive Session:** With no further business in the regular meeting, a motion was made by Joseph McGivern to adjourn the meeting and enter in executive session in accordance with Chapter 30A Section 21(a) "Reasons for Convening Executive Session, that the HEDIC may enter executive session to consider the purchase, exchange, lease or value of real estate" and was seconded by Mark Cutting. A roll call followed:

<u>Name</u>	<u>Yes</u>	<u>No</u>
Antonio Quinones	X	
Carl Eger	X	
Rosa Pantoja	X	
Mark Cutting	X	
Tessa Murphy-Romboletti	X	
Joseph McGivern	X	

The motion passed unanimously. The regular session adjourned at 5:48p.m., and the Board entered into executive session.

Sincerely,



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