



Mayor Joshua A. Garcia

HEDIC

City of Holyoke

Aaron M. Vega, Executive Director

November 1, 2022

Holyoke City Council
City of Holyoke
Holyoke, MA 01040

Dear Councilors:

Please find attached Meeting Minutes of the Holyoke Economic Development and Industrial Corporation for the meetings of April 7, and September 15, 2022.

As always, please contact me if there are any questions.

Sincerely,

Aaron M. Vega

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HOLYOKE ECONOMIC DEVELOPMENT AND INDUSTRIAL CORPORATION

September 15, 2022 Meeting Minutes

Conference Room 403 and Zoom - Meeting ID: 854 0995 9856

RECEIVED

Members Present:

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

Staff Present:

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

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Others Present: Attorney Michael Bissonnette (Law Dept.), Glenn Shealey (Quantum Properties)

1. Call to Order

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

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

Joseph McGivern made a motion to wave roll calls for procedural or non-substantive motions and conduct one roll call to satisfy the requirements as laid out by City Council and was seconded by Carl Eger. A roll call followed:

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

The motion passed unanimously.

2. HEDIC Board Business

a. Meeting minutes of April 7, 2022:

A motion was made by Carl Eger to approve the minutes of April 7, 2022 and was seconded by Joe McGivern. The motion passed unanimously.

b. Financial Report

John Dyjach referred the Board to the financial report in their meeting packets. He outlined the funds on hand for HEDIC and a slight increase in funds since the March report primarily due to the annual fee paid by ProAmpac for the Foreign Trade Zone Program and the payment from the HRA for the Jackson Canal Loan reimbursement. The total cash at Peoples Bank is \$1,743,844.17 and the current balance of the loan to the Redevelopment Authority is \$156,753.40, down from the original balance of \$400,000. Mr. Dyjach noted that all payments have been received on time and in the correct amount. Joseph McGivern asked about the TIF that Jackson Canal received as it relates to the marijuana company using one of the Aegis buildings has been cleared and vetted by the Law Department. John Dyjach responded that it has not but that and update on the Tax Increment Finance (TIF) program was submitted to the City Council. Mr. Dyjach added that through reports submitted by Aegis, the company is meeting the requirements of the TIF program in terms of investment and job creation. Mr. McGivern stated that when this TIF was granted by the City it predated the marijuana industry in Holyoke and that the agreement should be reevaluated.

A motion was made by Tessa Murphy-Romboletti and seconded by Joseph McGivern to approve and accept the financial report as written. The motion passed unanimously.

3. HEDIC Property Updates

John Dyjach referred the Board to the section of the that the financial report that lists properties held by HEDIC. Marie Brazeau shared her screen to display the parcels on Bobala Road, Whiting Farms Road and Main Street. Mr. Dyjach then provided background on the properties and the efforts to attract development.

For the Whiting Farms Road parcel, Carl Eger suggested more marketing and potentially that new signs be placed on the property to bring attention and interest the parcel. Mr. Dyjach explained that the Whiting Farms Road land was acquired as part of an Economic Development Plan and in partnership with the Holyoke Gas & Electric. He said that there has been recent interest from a commercial user and that the HG&E issued and Request for Proposals for the sale of the land because it was a non-industrial use. He said that staff will continue discussing the future development of the parcel with the HG&E and may also pursue amending the subdivision that was done at the property several years in order to make it more attractive for a developer. Carl Eger commented that HEDIC should be able to work on commercial developments and should keep this under consideration when evaluating interest in the properties.

4. HEDIC Loan Program

Aaron Vega explained the background of this program and the work to modify it that was done a few years ago to include a makers-loan concept for small businesses. Since then, staff has continued to do research and have conversations with various local financial institutions. Conversations with Easthampton Savings Bank seemed to be the best fit. The proposed plan would use HEDIC funds to provide loans or grants to small local businesses who are makers, meaning a business that produces a good for sale. He explained that the concept now is that these loans would be managed by the bank, but HEDIC would maintain full control of loan requirements and approvals. Mr. Vega added that the bank may require the loans to have a low interest rate to pay for their administrative fees, or if the Board wants to avoid this, there could possibly negotiations on a payment to the bank for these services. These may be high-risk loans as they will be accessible to businesses that may not qualify for traditional loans. The possibility of a loan to grant program is also a possibility, which could mean if the business makes payments consistently for a designated period, they could get the loan forgiven. Mr. Vega concluded that ultimately these decisions are up to the Board, they may want to form a working group or just work as a whole board to determine exactly how they want this program to work.

Tessa Murphy-Romboletti asked that, due to federal laws, could these loans include the marijuana industry without causing issues for the bank. Aaron Vega said that he thinks it should not be a problem. Joseph McGivern asked if other banks were contacted about working on this with HEDIC. Mr. Vega said that PeoplesBank and Common Capital were both approached but those conversations did not evolve. Joseph McGivern said that the loan program had a successful history but understood that lending has changed. However, he remains hesitant about the grant concept as the revolving fund allows HEDIC to have less risk and continue to help the community through replenishing the funds to be used for other companies. Carl Eger agreed that these are high risk but that this is a crucial gap that the HEDIC can help fill by providing working capital for small businesses. He added that it could provide some peace of mind to have a bank help review and with administration. Aaron Vega responded that Bank ESB is willing to provide this level of support. Antonio Quinones asked for some clarification on how a loan to grant would work. Aaron Vega explained that the basic concept is that the Board would agree to a percentage of the loan total that they are willing to grant to those who pay consistently for a specific period. For example, maybe a business is approved for a \$25,000 loan and they pay consistently for 3 years and have a remaining balance of \$5,000 which could be forgiven. He said that all of this requires further research by HEDIC and the bank. Tessa Murphy-Romboletti asked if these loans would help a business build credit. Aaron Vega replied that while it does not increase an individual's credit score because the loan would go to the business, it would give the business a good credit history with the bank. Joseph

McGivern asked if there is a designated amount of HEDIC funds being considered for this program. John Dyjach replied that while staff has an amount in mind to start, the Board would have the flexibility to set this amount. Carl Eger suggested that more detail be provided in advance of the next meeting so that the Board could act. Antonio Quinones suggested that some specific be provided for both concepts that show how much the programs could cost.

5. Other Business

a. Quantum Properties letter regarding Water St. infrastructure

John Dyjach referred the Board to the letter from Glenn Shealey of Quantum Properties about Water Street infrastructure needs and a second letter requesting funding from HEDIC. He said the second letter was just recently received by staff and was not provided to the Board in advance of the meeting. Aaron Vega added that the Water Street area has a lot of development potential but understands that infrastructure upgrades are needed. Joseph McGivern said that he believes that at this time the Board can only review the letter, as listed on the agenda, but not accept or vote on any loan proposal from Quantum Properties. Aaron Vega agreed and said this would only serve as a preliminary discussion with the developer as response to the receipt of the letter. Glenn Shealey thanked the Board for having him. Mr. Shealey then discussed his background and experience with development and how he has seen the decline of industrial properties. He explained that the property on Water Street has had some remediation but is in need of full infrastructure updates for site readiness which has hopes to receive funding assistance for. Quantum Properties hopes to have site readiness in the next six to eight months, there is already a full budget plan outlining a \$900,00 budget. Mr. Shealey explained that Quantum requests a loan from HEDIC to cover half of these expenses, the other \$450,000 would be paid by Quantum. He added that HEDIC would be provided a first mortgage on the entire site, which he believes would more than cover the loan after the first sale of any piece of property. Mr. Shealey added that he sees this property as a green energy site with any type of renewable energy he can attract to the location. He said he could consider a loan in a smaller amount so far as it is not a drastic decrease. Aaron Vega added another possibility could be working as a partner in which when Quantum buys specific equipment or services the bill could go directly to HEDIC, or they could go with a traditional loan. Carl Eger asked if the land is encumbered now, Glenn said no. Carl Eger said that a first position on the land narrows risk significantly from his perspective and gives assurance they will be paid back. Tessa Murphy-Romboletti referred to the second letter dated August 12th concerning non-recourse, she asked for clarification that this means the board would take over the mortgage for the land should the loan not be repaid. Mr. Shealey replied explaining the non-recourse and the collateral that would be offered. Mark Cutting asked for further breakdown of the high construction cost. Mr. Shealey explained that it is costly because the soil needs to be made more stable for future development. Joseph McGivern said that this conversation will need further consideration with the Law Department and the HG&E and that he appreciates the potential for green energy. Aaron Vega said that staff would continue to work with Mr. Shealey on the concept and that he would speak with the Law Department to plan next steps.

6. Executive Session (if necessary)

No business necessitated an Executive session.

7. Adjournment

The Board scheduled the next meeting for October 27th at 5pm and with no other business Carl Eger made a motion to adjourn which was seconded by Mark Cutting. The motion passed and meeting was adjourned at 6:26 p.m.

Sincerely,



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

HOLYOKE ECONOMIC DEVELOPMENT AND INDUSTRIAL CORPORATION
April 7, 2022 - Meeting Minutes
City Hall Annex Conference Room 403 and Zoom (meeting ID: 832 1053 9713)

Members Present:

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

Staff Present:

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

Others Present: Attorney Michael Bissonnette (Law Department), Jazzy Smith

1. Call to Order

Vice-Chairperson Tessa Murphy-Romboletti called the meeting to order at 5:03 p.m. and stated that the meeting was being recorded. A roll call followed:

<u>Name</u>	<u>Present</u>
Carl Eger, Jr.	X
Tessa Murphy Romboletti	X (virtual)
Joseph McGiverin	X (virtual)
Rosa Pantoja	X (virtual)
Antonio Quinones	X (virtual)
Mark P. Cutting	

2. Welcome and introduction - Aaron Vega, Executive Director

Vice-Chairperson Tessa Murphy-Romboletti welcomed and thanked everyone for attending and asked Executive Director Aaron Vega for opening remarks. Aaron Vega thanked the Board members for their commitment especially since meetings have not occurred regularly over the last few years. He introduced new staff members Jennifer Keitt, Development Specialist and Marie Brazeau, Head Clerk. Mr. Vega then discussed key initiatives of HEDIC including development of industrial areas of the City and supporting business development. He said that re-establishing the loan program to include funding for small businesses is something that he would like to promote. Mr. Vega said that the consultant's report in 2020 outlined a revised loan program and that more recently there have been discussions with area banks to explore a partnership. He also explained that staff is exploring options for development of HEDIC owned properties.

Tessa Murphy-Romboletti thanked Mr. Vega and asked about the vacancy on the Board. John Dyjach said that there is one vacancy on the Board and that there are a few Board positions coming up for renewal. He explained the composition of the Board as required per Massachusetts law and said the open business is under the finance category. Tessa Murphy-Romboletti mentioned a person that may be considered. Joseph McGivern explained that the protocol is for the Mayor to appoint a candidate and then for the City Council to consider confirming the appointment. Aaron Vega said he would discuss the vacancy and appointment with the Mayor and welcomed any referrals that Board members may have.

3. HEDIC Overview

John Dyjach presented a slide with information on the general purpose of an Economic Development and Industrial Corporation, information on the composition and status of the Board and a page summarizing HEDIC's assets. He stated that HEDIC's assets have remained stable over the last several years and grown slightly due to limited expenditures and income from bank interest as well as fees from the two companies participating in the HEDIC sponsored Foreign

Trade Zone program. Mr. Dyjach also summarized the land that owned by HEDIC that is available for development.

Rosa Pantoja asked about the potential of using HEDIC funds for small business development. Aaron Vega said this has been an on-going effort in the office and small business funding program through HEDIC would be brought forward. He added that providing permitting assistance is also an ongoing effort with the office and other City departments.

Regarding HEDIC expenditures, Joseph McGivern asked if the by-laws or state law still require that two HEDIC officers sign checks. John Dyjach said that is a requirement of the by-laws but that no check has been written for some time. He added that several years ago the Board authorized a credit card with a limit of \$1,000 that can be used for small expenditures by the Executive Director. He said the credit card carries no balance and used sparingly for such things as annual property insurance payments.

Joseph McGivern asked about the Parsons Paper project financing and if the terms of the agreement are still in line since he learned a marijuana company is planning a move into one of the buildings. He added that the concern is that the project switching to cannabis related industry may not fall within the scope of work originally backed by HEDIC. John Dyjach said that staff had the same concerns. He then explained the ownership restructuring at Aegis and that the repayment of HEDIC's loan by Aegis is up to date and always on time. He said that staff looked into the status of the company as we became aware of the marijuana business leasing space. It was determined that Aegis has met and is exceeding their investment and job creation obligations and that the marijuana company will bring additional investment, jobs and revenue for the City. Joseph McGivern said that this project also relates to the tax incentives approved by the City. Mr. Dyjach said that staff monitors the project and that information related to the tax incentive program will be provided separately to the Council.

Rosa Pantoja asked about the status of HEDIC properties. John Dyjach described the properties and status. He said that the land off Whiting Farms Road has potential for a large development. Antonio Quinones asked if the land could be sold or leased a project is approved. John Dyjach replied that it could be either but that a sale is preferred. Joseph McGivern added background on the Whiting Farms Road land and development of that parcel is in partnership with the Holyoke Gas & Electric. Aaron Vega said that more marketing of these properties is being considered as there is strong interest in Holyoke real estate.

4. HEDIC Loan Program - Overview and Status

Aaron Vega discusses some of the background on re-establishing a HEDIC loan program to better assist business development through maker/manufacturing loans on a smaller or larger scale. John Dyjach explained that two years ago the Board was receptive to the concepts for a loan program for small and start-up maker businesses as well as an equipment loan for established manufacturers. He said that as a program is developed the Board will be asked to consider how much of HEDIC funds should be allocated for this purpose. Rosa Pantoja asked if funds can be allocated for both, Aaron Vega replied that it could be done this way and it might be the best approach to take. He added that the equipment loan for established manufacturers is similar to what HEDIC previously offered but that staff is seeking the structure of a "maker loan" program for any business that produces products for resale. John Dyjach added that staff is also exploring options of being a direct lender or partnering with a third party such as a local bank to provide administrative support. Rosa Pantoja asked what requirements would be in place for the loans such as a hiring requirement. Aaron Vega responded that the Board would help staff create the requirements and would be the approving body for the loan. He went on to explain that they want to make it as accessible for start-up local businesses as possible but that these would be for maker businesses and could be higher risk loans. He said that some of the program ideas come from the program that Common Capital does, but this would be for Holyoke only businesses. Aaron Vega said that staff's next step is to continue discussion with local banks

about potentially partnering with HEDIC. He said a meeting with Easthampton Savings bank is scheduled next and that staff will prepare more details for the Board to consider at the next meeting.

5. Executive Session (none)

6. Other Business

Aaron Vega asked for confirmation that Joseph McGiverin, Antonio Quinones, and Carl Eger are receptive to having their terms renewed to continue serving on the HEDIC Board. All members confirmed. Carl Eger commented that he would be happy to continue serving to help meet the needs of the community. He emphasized the mission of HEDIC and his interest in other ventures beyond its limited scope through collaboration with other entities such as in the past with MIFA. Mr. Eger said that HEDIC needs to make sure its funding is unrestricted and can be used for purposes to improve the City including commercial uses. He offered his assistance to reconstitute the Board if needed as well as what might be needed to expand its service to the community. Aaron Vega thanked Carl and the members for their ongoing support and willingness to continue. Joseph McGiverin said that it would be helpful for staff to prepare a recap of HEDIC projects to the Mayor so that he can be aware of all the good work that has been done. Aaron Vega concurred and said that staff will also process the reappointments with the Mayor's office.

7. Adjournment

With no other business, a motion to adjourn the meeting was made by Joseph McGivern and seconded by Rosa Pantoja. All members present concurred, and the meeting adjourned at 5:56 p.m.

Sincerely,



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