

PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.

WEDNESDAY, AUGUST 3, 2011

DRAFT MEETING MINUTES

A regular meeting of the Providence Economic Development Partnership, Inc. (PEDP) Loan Committee was held at the office of the Department of Planning and Development, 444 Westminster Street, Providence, Rhode Island, in the 3rd Floor Conference Room on August 3, 2011. The Loan Committee meeting was called to order at 12:06 P.M.

MEMBERS IN ATTENDANCE

Members of the Loan Committee in attendance included Renee Bailey, Frank Benell, Adriana Dawson and Peter Scotti.

STAFF MEMBERS IN ATTENDANCE

Staff members in attendance included: Thomas E. Deller, Executive Director, PEDP and Director, Department of Planning and Development, Ann Gooding, Director of Communications, Department of Planning and Development; Kathy Cosentino, Gail McGowan, and Arthur Speaks.

OTHERS IN ATTENDANCE

Others in attendance included Michael Mourachian, Point Street Dueling Pianos; Cesin Curi and Monica Curi-Ross, Los Andes Restaurant; Frank Shea, Olneyville Housing Corporation; Anna Shea and Donald King, Fete live music venue; and David Zisskind, Integrated Building Technologies.

The meeting was called to order by Thomas Deller, Executive Director. Mr. Deller indicated that prior to commencing today's meeting business, a temporary Chairperson must be elected. Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to elect Renee Bailey as temporary chair of today's meeting. Motion passed by unanimous vote.

MEETING MINUTES

The minutes of the May 12, 2011 PEDP Loan Committee meeting were submitted for review and approval. Upon a motion was made by Frank Benell and seconded by Peter Scotti, it was voted to approve the minutes of the May 12, 2011 meeting. Motion passed by unanimous vote.

REPORT OF EXECUTIVE DIRECTOR

Thomas Deller began by stating that under the open meetings laws, we have to identify everything that he is going to discuss and since nothing is listed under this agenda item, he shouldn't discuss anything at this meeting. Mr. Deller added that because of a series of public records requests that we have received, PEDP has been determined to be a public body and as such, Mr. Deller has to advise every member of the Loan Committee and Board of Directors that they have to file the ethics disclosure form annually on their own. Mr. Deller informed the members and added that they should call the Ethics Commission to obtain the form. Mr. Deller concluded his report by stating that we are going to be very cautious about how we proceed and move forward.

NEW BUSINESS

Mr. Deller indicated that the today's agenda items would be taken out of order in order to present those items with individuals present first.

The first agenda item entertained by the Loan Committee was the loan request of Integrate, David Zisskind, Norman Cook and Richard Canning, 43 Troy Street, Providence, Rhode Island, in the amount of \$75,000.00. Mr. Deller indicated that the loan amount requested falls under his purview for approval but he wanted the committee to hear about and review the request, so we can have a general discussion about it. Mr. Zisskind was present to address the committee and provided a brief overview of the product and business. The product of this business is a panelized building envelope system, which is a less expensive, higher performance alternative to the typical building systems.

The panels will allow for building designers and builders to eliminate HVAC systems and use thermally active surfaces like radiant technology.

Adriana Dawson arrived at 12:12 P.M.

Mr. Zissakind indicated that the PEDP funds will be used for mark-ups, advertising and legal fees. Mr. Deller indicated that he is going to approve this loan, but wanted to see the committee's feedback to the request. Upon a motion made by Frank Benell and seconded by Peter Scotti, it was voted to approve the loan request, in the amount of \$75,000.00, as requested. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the loan request of Los Andes, Rogue Diego Curi 903 Chalkstone Avenue, Providence, Rhode Island, in the amount of \$300,000.00. Cesin Curi and Monica Curi-Ross were present to address the committee. Adriana Dawson indicated to the committee that the applicant is also a client of SBDC and questioned whether she should recuse herself relative to this request. Mr. Deller indicated that she did not need to recuse herself on this matter as she will not receive any financial gain. Mr. Curi presented a brief overview of the business. Mr. Curi indicated that the PEDP funds will be used for the acquisition of the building and PEDP will obtain a first position mortgage on the subject property as collateral for the loan. The applicant was questioned as to whether an appraisal has been completed for the subject property and it was indicated that they were waiting on direction from PEDP to have one completed. Mr. Deller requested that they go ahead and complete the appraisal at this time. The principals answered questions with regard to meeting their 2011 projections as well as their future expansion plans. Ms. Dawson indicated to the members that the principals have committed to being ongoing clients of the SBDC and there will continue to be technical assistance from her organization. Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to approve the loan request of Los Andes, as presented, subject to an appraisal being conducted and a LTV of at least eighty percent (80%). Adriana Dawson recused from voting in connection with this loan request. Motion passed by vote. Mr. Deller indicated that due to the amount of this loan, the request will now be presented to the PEDP Board of Directors for approval.

The next agenda item entertained by the Loan Committee was the loan request of Sgt. Peppers, Ronnie Sheldon, 3 Davol Square, Providence, Rhode Island, in the amount of \$180,000.00. Mr. Deller gave a brief overview of the business. The applicant will be taking over the Hi-Hat space. The loan write-up for this request was not included in today's meeting packages because it came in this morning; a handout was distributed to the members at the meeting. The business will be a dueling piano bar. This will be a new PEDP loan because it is anticipated that the existing loan to the Hi-Hat will be settled as part of the estate of the principal. Michael Mourachian was present to address the committee and provided an overview of the business concept and of the principal, Ronald Sheldon. Mr. Mourachian indicated that the loan funds will be used for start-up capital and for operational expenses. Collateral that will be pledged for this loan was questioned. An escrow account in the amount of \$180,000.00, that is part of the lease, is being pledged as collateral. Mr. Mourachian indicated that Mr. Sheldon's house in California, with a value of approximately \$440,000.00, could also be pledged. Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to request a copy of the lease agreement and an appraisal of the subject property since the committee could not make a recommendation without additional information. Motion passed by unanimous vote.

Mr. Deller indicated to the committee that the next two (2) loan requests of Archetype Fete and Paragon Mills require approval from the PEDP Board of Directors due to the loan amounts being requested. These loans are listed on today's agenda as informational only.

The next agenda item entertained by the Loan Committee was the loan request of Archetype, LLC d/b/a Fete, Nicholas Bauta and Donald King, 103 Dike Street, Providence, Rhode Island, in the amount of \$364,655.00. Mr. Deller indicated that the mayor and city council for the most part are in support of this project. Mr. Deller also indicated that the loan is backed by someone pledging a personal guaranty and Mr. Deller asked this individual to not submit the documentation so that it is not part of the PEDP file and public. The project is a live music venue with three (3) venue spaces. Donald King and Anna Shea (COO) were present to address the committee. Ms. Shea gave a brief overview of the project location, the project and the use of funds, which will be used for the acquisition of equipment, salaries and inventory. Mr. King, Director of Programming, gave a brief overview of the opening of the business and scheduling. Mr. Deller briefly reviewed the collateral being pledged as security for the loan, indicating that if the appraisal value is not there, the personal guaranty will more than secure the loan funds. Mr. Deller added that Olneyville is one of the neighborhoods where we have to make a statement and attempt to try to leapfrog from the downtown area to other areas with more space. Ms. Shea also added that the business is not a nightclub nor will they be sharing the space with one. Rather, the project is a live music venue. Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to recommend approval of the loan request of Fete, as presented, subject to the review of the personal guaranty and the appraisal of the subject property in connection with the collateral being pledged for this loan by the Board of Directors. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the loan request of Paragon Mills, Olneyville Housing Corporation (OHC), Jay O'Grady, 39 Manton Avenue, Providence, Rhode Island, in the amount of \$931,000.00. Mr. Deller provided a brief review of the project, which is a combination of affordable housing, commercial space and office space. Mr. Deller indicated that this project is a little more risky and the worst case scenario would be that PEDP would own a building and have to figure out what to do with it. Frank Shea was present to address the committee and gave a brief overview of OHC and the project. Mr. Deller added that Mayor Taveras has committed to this project, and is something that the mayor feels that we have to do. We will write the loan to best protect PEDP, but it will not be to the level we look for and we are taking a risk here. Mr. Shea indicated to the board that the appraisal of the real estate was being finished today and they are currently in the process of verifying that the appraisal value is the correct amount indicated to them. Upon a motion made by Frank Benell and seconded by Renee Bailey, it was voted to recommend approval of the loan request of Paragon Mills, as presented. Peter Scotti recused from the discussion and vote in connection with this loan request. A copy of the recent appraisal was requested once completed. Motion passed by vote.

The next agenda item entertained by the Loan Committee was the loan request of The Omnibus, Randy Kass, Brian Oakley, and Julian Forge, 318 Broadway, Providence, Rhode Island, in the amount of \$100,000.00. Mr. Deller presented the loan request. Mr. Deller indicated that the bus has to be based in Providence even though it leaves Providence to go to other communities. The collateral being pledged for this loan is the bus and the personal guarantees of the three (3) principals. The net worth of one of the principals, Julian Forge, was questioned. Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to approve the loan request, as

presented, subject to verification of the personal guarantees being pledged. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the loan request of Stop & Go, Amir Rasheed, 776 Douglas Avenue, Providence, Rhode Island, in the amount of \$20,000.00. Mr. Deller indicated that this loan is a micro-loan and should be listed under the approved loan section of the agenda. Mr. Deller indicated that this loan has a guarantor with real estate and a personal guaranty. The assessed value of the real estate was used to assess the equity value and even when discounted (20%), there is still sufficient equity to secure the loan funds. Mr. Deller indicated that no vote is required in connection with this agenda item and was for review only.

The next agenda item entertained by the Loan Committee was the loan request of IP 21, Seth Goldenberg, 460 Harris Avenue, Providence, Rhode Island, in the amount of \$40,000.00. Mr. Deller presented this request. The name of the business was questioned as it is listed as IP 21 and IS 21 in different locations. The correct name for the business is IP 21. The loan funds will be used for working capital expenses to hire additional staff. A brief discussion followed with regard to the nature of the business, the background of the principal and the collateral being pledged for this loan. Mr. Deller recommended that the applicant submit documentation, in the form of contracts, inclusive of dollar values, from the first salon conducted this past May in order to demonstrate the results from conducting the salon. Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to table the loan request of IP 21 for the submission of additional information, as outlined above. Motion passed by unanimous vote.

The next two (2) agenda item entertained by the Loan Committee was the review of approved loans. Mr. Deller presented the loans approved by him, which were to the following Borrowers: Capital Spa, Pioneer, Pisaturo Realty, Adam Beane, and The Dorrance. These loans were presented to the committee at the last meeting and have now closed. Ann Gooding gave a brief overview of each business and project. No action was required in connection with this agenda item and was informational only.

The next agenda item entertained by the Loan Committee was the pending loan review. Mr. Deller indicated that this agenda item would be skipped at today's meeting as there were no loans to review at this time.

The next agenda items entertained by the Loan Committee were the review of the IPIC loans and the review of the IIP loans. Mr. Deller stated that the members received a handout that outlines these loans and asked that the members review this information and forward any questions regarding these projects to staff.

OLD BUSINESS

The next agenda item entertained by the Loan Committee the request of Stitches KomedY Kafe, Dr. Jeffrey Weinzweig, for an additional payment agreement extension. Mr. Deller requested that Kathy Cosentino present this request. The Borrower is requesting that the current monthly payment, in the amount of \$1,000.00 continue for an additional six (6) months, for the period of July 2011 through December 2011, at which time the payments will increase to \$2,000.00 per month thereafter and then further increase to \$3,000.00 -\$5,000.00 after that (as soon as the Borrower is financially able to do without compromising his medical practice). Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to approve the request of Stitches

Komedy Kafe for an additional payment agreement extension, as presented. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the request of Broad Street Revitalization (BSR), through its attorney, Robert B. Berkelhammer, 693 Broad Street, Providence, Rhode Island, for the ratification of staff approval of a revised collateral structure to secure the PEDP loan. Instead of the PEDP having a mortgage on a newly created commercial condominium unit, the PEDP would have a lien/first-position leasehold mortgage on the real estate. Mr. Deller presented this request. The difference between PEDP having a mortgage on the unit and a first position leasehold mortgage on the leasehold estate was questioned. In addition, the leasehold estate being a function of the market value and the value of the lease, both values would need to be known in order to make an informed decision. Mr. Deller indicated that since BSR is coming back at next month's meeting for another request, that this matter be continued until that time for additional information and the answers to the above question. Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to continue the request of Broad Street Revitalization for a change in its loan terms for the following information: 1) clarification from legal counsel with regard to the legal ramifications of the proposed change in the collateral structure; 2) the leasehold value; 3) the lease rates; and 3) the market rates. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the request of Perishable Theatre, Michael Ducharme, President, Board of Trustees, 95 Empire Street, Providence, Rhode Island, for an additional moratorium extension. Mr. Deller presented this request. The extension would be for an additional twelve (12) months for the period of July 2011 through June 2012, the Borrower's fiscal year. After a brief discussion of the Borrower's request and steps being taken to better position the organization, a motion was made by Peter Scotti and seconded by Frank Benell, and it was voted to approve the request of Perishable Theatre, as presented. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the request of North Shore, Donna Mollo, 127 Dorrance Street, 5th Floor, Providence, Rhode Island, for the approval of a moratorium. Mr. Deller presented this request. A brief discussion followed with regard to the business, the circumstances for the request, and the period of time for the moratorium due to the timeframe being unspecified in the Borrower's request. Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to approve the moratorium request of North Shore, for a period of six (6) months. Approval granted is to include the re-amortization of the outstanding arrearage of this loan to the end of the loan term, as recommended by staff. Motion passed by unanimous vote.

OTHER BUSINESS

There being no other meeting business, upon a motion made by Renee Bailey and seconded by Peter Scotti, the meeting was adjourned at 2:06 P.M.

Respectfully submitted,

Kathy A. Cosentino
Recording Secretary