

**PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.**  
**THURSDAY, FEBRUARY 9, 2012**  
**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 3<sup>rd</sup> Floor Conference Room on February 9, 2012. The Loan Committee meeting was called to order at 12:08 P.M.

**MEMBERS IN ATTENDANCE**

Members of the Loan Committee in attendance included Manny Barrows, Renee Bailey, and Frank Benell.

**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 and Gail McGowan.

**OTHERS IN ATTENDANCE**

Others in attendance included Joshua Teverow, Esq., PEDP legal counsel; Alice Greenan, Community Works Rhode Island f/k/a Elmwood Foundation and Barbara Sokoloff, Barbara Sokoloff Associates, for the Broad Street Revitalization project.

**MEETING MINUTES**

The minutes of the January 12, 2012 PEDP Loan Committee meeting were submitted for review and approval. Upon a motion made by Frank Benell and seconded by Renee Bailey, it was voted to approve the minutes of the January 12, 2012 meeting. Motion passed by unanimous vote.

Mr. Deller indicated that due to representatives being present in connection with the request of Community Works Rhode Island relative to the Broad Street Revitalization project, agenda item 5.a. would be considered out of order at this time.

**OLD BUSINESS**

The first agenda item entertained by the Loan Committee was the two (2) requests of Community Works Rhode Island (CWRI) f/k/a Elmwood Foundation in connection with the PEDP loan for the Broad Street Revitalization (BSR) project, 693 Broad Street, Providence, Rhode Island, for the ratification of staff approval of a revised collateral structure to secure the PEDP loan and for the approval of a request for a payment moratorium. The first request was previously tabled at the August 2011 meeting for additional information relative to this request, which was subsequently submitted by the Borrower's legal counsel. At the next meeting, held in October 2011, the committee expressed the need for additional clarification to be provided as to the legal impact of such a change in PEDP's collateral structure and continued both requests to its next meeting in order for PEDP legal counsel to be present. Due to a death in his family, PEDP legal counsel was unable to attend the January 2012 meeting (next meeting since the October 2011 meeting) and the Borrower indicated that it was acceptable for both requests to be continued to this month's meeting. Joshua Teverow, PEDP legal counsel was present at today's meeting to provide further clarification and legal counsel regarding this request. Alice Greenan of CWRI f/k/a Elmwood Foundation and Barbara Sokoloff of Barbara Sokoloff Associates (BSA) were present to address the committee.

Barbara Sokoloff provided an overview of CWRI, the BSR project and the requests before the committee. Alice Greenan provided an overview of the status of the space and current leasing conditions. Joshua Teverow provided an explanation of the current collateral pledged and the request for a change in the loan terms. Mr. Teverow recommended approval of the request. Mr. Teverow added that he does not recommend entering into a forbearance agreement as it is not applicable in this instance for a change in loan terms and therefore is not necessary.

Ms. Greenan answered questions relative to the current value of the property and the pricing of the leases. A brief discussion followed with regard to the commencement date of the moratorium and whether the loan term would be extended or a balloon payment added to the maturity of the loan.

Upon a motion made by Renee Bailey and seconded by Frank Benell, it was voted to approve the Borrower's request for a change in loan terms whereby PEDP will now be secured by a first-position leasehold mortgage on the leasehold estate (long-term lease of the commercial units in the property) instead of its current fee simple mortgage on the property located at 640 Broad Street, Providence, Rhode Island, which is pledged in part as collateral for the loan to BSR. A second motion was made to approve the request of BSR for a moratorium of principal and interest payments, for a period of twelve (12) months, which was modified at the recommendation of staff, from the Borrower's request for a moratorium until the commercial space is leased. The approval of the moratorium is subject to the following: 1) quarterly marketing reports are to be submitted to PEDP; 2) notice is to be provided to PEDP upon the rental of the commercial space; and 3) updated proforma statements for the project, inclusive of a cash flow analysis going forward as the units in the building begin to be leased, are to be submitted to PEDP. The moratorium period shall commence with the October 2011 payment (date that the loan payments were to commence) through the September 2012 payment. In addition, approval was granted to extend the Borrower's loan term by twelve (12) months. Motion passed by unanimous vote.

Mr. Deller indicated that the meeting will continue with the agenda items under Old Business.

The next agenda item entertained by the Loan Committee was the request of Gianfranco Marrocco, Villa and Caffè Dolce Vita, 57, 61 and 63 DePasquale Avenue, Providence, Rhode Island, for approval of PEDP to subordinate its mortgage interest in the subject commercial real estate to the refinancing of the existing balance of the current first and second mortgages to be provided by Rockland Trust Bank. Mr. Deller requested that Kathy Cosentino present this request. Mr. Deller circulated financial statements and tax returns that were submitted by the Borrower relative to the business and the corporate guarantees pledged as collateral for this loan. Mr. Deller stated that staff recommends approval of this request. Upon a motion made by Frank Benell and seconded by Renee Bailey, it was voted to approve the request of Villa and Caffè Dolce Vita, for PEDP to subordinate its mortgage on the DePasquale Avenue properties to the refinancing of the existing first and second mortgages by Rockland Trust Bank. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the presentation of the staff approval of the request from Bali Holdings, LLC for an additional period of interest-only loan payments for an additional twelve (12) months, commencing with the February 2012 payment (date that principal and interest payments were to commence). Thomas Deller presented this request and the history of this loan assumption. Mr. Deller circulated the financial statements of the business that were submitted by the Borrower. This approval was presented for reporting purposes only; no action was required in connection with this agenda item.

#### REPORT OF THE ASSISTANT DIRECTOR

Thomas Deller began by discussing building business and raised the question of how to bring more loan applicants in to the program. Mr. Deller is in the process of preparing a financial status for the PEDP Board of Directors and will distribute copies to the committee, as well. Ms. Gooding added that relative to marketing the PEDP loan programs she has been working with the Latino and

minority contractors; the Latino Roundtable in order to re-instate the Primer Paso program; the SBA to establish bi-monthly workshops to market the PEDP loan programs; RISBDC to establish a formal relationship with PEDP; and has been meeting with all of the area banks to receive referrals to the PEDP programs.

Mr. Deller proceeded to discuss the PEDP loan parameters and establishing a standard interest rate and term. PEDP's standard interest rate should be set at a certain number of basis points above the interest rate that we are paying on the new Section 108 funding.

Mr. Deller then proceeded to the next agenda item under his report which was the partial loan assumption by Tobey Waste & Recycling (Fusion Steel, LLC) of the outstanding PEDP loan to Ecotope Environmental Services, Ltd. f/k/a CleanScape, Inc. Mr. Deller requested that Joshua Teverow present this matter to the committee. Mr. Teverow provided an overview of the two (2) PEDP loans to CleanScape and the loan to South Providence Development Corporation (SPDC) as well as the history of the receivership filing of CleanScape. The first loan to CleanScape has been paid in full by the receiver. The remaining loan to CleanScape has been partially but substantially assumed by Tobey Waste and Recycling. The remaining outstanding balance of the CleanScape loan is to be assumed by SPDC, which is in the process of being finalized.

Mr. Deller added that he wants to complete a clean-up of the portfolio by processing the write-off of the loans that are now ready for write-off so that we may have a true value of the PEDP portfolio.

OTHER BUSINESS

There being no other business, a motion was made by Frank Benell and seconded by Renee Bailey, and the meeting was adjourned at 1:12 P.M.