

PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
THURSDAY, APRIL 12, 2012
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 April 12, 2012. The Loan Committee meeting was called to order at 12:14 P.M.

MEMBERS IN ATTENDANCE

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

MEMBERS ABSENT

Members not in attendance were Manny Barrows and Adriana Dawson.

STAFF MEMBERS IN ATTENDANCE

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

OTHERS IN ATTENDANCE

There were no others in attendance.

Prior to the commencement of the meeting business, a motion was made by Peter Scotti and seconded by Frank Benell to nominate Renee Bailey as Acting Chairwoman for today's meeting. Motion passed by unanimous vote.

MEETING MINUTES

The minutes of the March 15, 2012 PEDP Loan Committee meeting were submitted for review and approval. Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to approve the minutes of the March 15, 2012 meeting. Motion passed by unanimous vote.

REPORT OF THE ASSISTANT DIRECTOR

Thomas Deller began by discussing the General Term Sheet included in today's meeting package, which contains a few revisions from last meeting. One change is the addition of an application fee that will be paid upfront in the amount of seventy-five dollars (\$75.00) and represents \$50.00 for payment of the first hour of review of the loan underwriting and \$25.00 for payment of the credit report fee. There will also be an underwriting fee that will be paid at the time of the loan closing that will not exceed two hundred dollars (\$200.00), which represents the balance of the underwriting review fee, if applicable. In addition, Mayor Taveras has asked that PEDP reward its Borrowers who pay their loan on time. Originally, the thought was to recalculate the loans at the end of each year, however the billing system does not have the capability to do so without each account being modified manually by staff, which would be burdensome. As such, Mr. Deller proposed that a discount be provided at the end of the loan term whereby a certain number of monthly payments would be forgiven, depending on the interest rate of the loan, so long as all of the loan payments were made on time during the loan term. Should a Borrower have received any special consideration upfront as part of its loan approval such as a special loan term or modified loan payments, they would not be eligible for this loan discount. In addition, any Borrower that receives PEDP's lowest interest rate (4.5%) would also not be eligible for the loan discount. The Borrower would have to petition the board for approval of this loan forgiveness prior to its last loan payment. An analysis of this loan discount was distributed at the meeting.

Mr. Deller then discussed the revised PEDP Pre-Application form and the pre-application process. All applicants have to complete the pre-application. An internal review of the pre-application and HUD compliance will be completed prior to a Borrower proceeding to the full application. The loan application and business plan forms were then discussed by Mr. Deller, who asked that the members review the forms and let staff know if anything is missing from the forms. Mr. Deller concluded by saying that the application fees are going to be added to the loan term sheet, language regarding the loan discount will be added to the loan agreement, and a conflict of interest statement will be added to the application package.

NEW BUSINESS

The first agenda item of New Business entertained by the Loan Committee was the presentation of the loans approved by the Assistant Director. The first loan is the re-presentation of the loan request of Delta Auto Body (Delta Enterprise, Inc.), Edward Pontarelli, 30 Acorn Street, Providence, Rhode Island, 02903. The presentation of this loan request was tabled due to a recent change (withdrawal) in the collateral being pledged as security for the loan. The Borrower is seeking alternate collateral. No vote was taken in connection with this agenda item.

The next agenda item entertained by the Loan Committee was the loan modification request of Pistauro Real Estate, LLC/Irving, Vincent Pisaturo, 280 Plainfield Street, Providence, Rhode Island, 02909, for additional financing in the amount of \$32,000.00, to be used for additional working capital expenses. Thomas Deller presented the loan modification request. After a brief review of the terms of the loan modification, a motion was made by Peter Scotti and seconded by Frank Benell and it was voted to approve the request of Pisaturo Real Estate, LLC, for the modification (increase) of its PEDP loan in the amount of \$32,000.00, as presented. Total financing for this project will now be in the total amount of \$72,000.00. Motion passed by unanimous vote.

OLD BUSINESS

The next agenda item entertained by the Loan Committee was agenda item 5.b. listed under Old Business, which was an additional request of Vincent Pisaturo, Pisaturo Real Estate, LLC/Irving, for PEDP approval of subordinating its collateral interest in the subject commercial real estate to additional financing to be provided by the Borrower's senior lender, in the amount of \$72,000.00. Kathy Cosentino presented this request. After a brief discussion, a motion was made by Peter Scotti and seconded by Frank Benell, and it was voted to approve the subordination request of Pisaturo Real Estate, LLC, as presented. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the request of Sherri-Ann Wood, Salon Bianco, for a three (3) month moratorium of principal and interest payments for the period of March 2012 through May 2012, due to the current economic conditions and due to certain staffing issues. Kathy Cosentino presented this request. Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to approve the moratorium request of Salon Bianco for a period of three (3) months, as presented. Interest is to continue to accrue during the moratorium period. Motion passed by unanimous vote.

At 12: 40 James Bennett arrived at the meeting, greeted the members and then left the meeting.

The next agenda item entertained by the Loan Committee was the request from staff for the ratification of the approval of a partial release of collateral in connection with the PEDP loan to

Armory Revival Company for the Pearl Street Lofts project. Kathy Cosentino presented this request. Six (6) properties that were pledged as additional collateral to secure the loan were released due to the current outstanding loan balance and the value of the equity in the remaining collateral that is pledged. PEDP remains secured by the four (4) commercial units in the subject real estate. Upon a motion made by Peter Scotti and seconded by Frank Benell, it was voted to ratify the staff approval of a partial release of collateral in connection with the loan to The Armory Revival Company. Motion passed by unanimous vote.

OTHER BUSINESS

Mr. Deller stated that his last day with the department is tomorrow and that it has been a pleasure working with the committee. Good loan terms have been crafted and Mr. Deller asked that the committee try to keep to the term sheet as much as possible. Stuart MacDonald, Director of Fiscal Operations for the department will be looking at all of the loans until new appointments have been made for the loan program. There will be an announcement relative to the appointment of an Acting Director of the Department of Planning and Development on Monday. There are good people here to continue to do the work of the department. Mr. Deller told the committee to keep up its good work. The committee members then wished Mr. Deller good luck and offered congratulations on his new position.

A motion was made by Frank Benell and seconded by Peter Scotti, and the meeting was adjourned at 12:50 P.M.

Approved: May 10, 2012