

PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
THURSDAY, MAY 10, 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 May 10, 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 Peter Scotti.

MEMBERS ABSENT

Members not in attendance were Frank Benell and Adriana Dawson.

STAFF MEMBERS IN ATTENDANCE

Staff members in attendance included: Stuart MacDonald, Director of Fiscal Operations, Department of Planning and Development; Kathy Cosentino; Gail McGowan; and Arthur Speaks.

OTHERS IN ATTENDANCE

Others in attendance were Thomas Hoagland, PEDP contract underwriter.

MEETING MINUTES

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

REPORT OF THE ASSISTANT DIRECTOR

Stuart MacDonald began by providing an IIP update. An overview of the program was provided. PEDP has now funded two (2) classes of Betaspring. There will be a press event with Mayor Taveras that the members will be invited to. PEDP has a request into HUD for an additional \$500,000.00 for the program, which will be funded out of the funds for the arts program or the PEDP RLF.

James Bennett and Mr. MacDonald have been meeting with Rhode Island Economic Development Corporation (RIEDC). PEDP will be entering into a partnership with RIEDC to carve out \$2 million of the new Section 108 funds for RIEDC to lend. The loan financing will still require HUD approval. More information will be distributed to the committee as it becomes available.

Mr. MacDonald introduced Thomas Hoagland, PEDP's contract underwriter, who was formerly with Citizens Bank.

The PEDP loan application files have been reorganized into a new filing system. Staff has gone back through all the loan application files to bring them up to speed at HUD's request.

Mr. MacDonald discussed new business with the committee. Mr. MacDonald met with a company last night with Mr. Bennett, that would be requesting a \$950,000.00 loan, which would be to a public company.

The PEDP underwriting will continue to be completed by Arthur Speaks, our lead underwriter. Mr. Hoagland has been reviewing our underwriting as a second set of eyes, which has been working out very well.

Mr. MacDonald will be revising the general loan terms for the PEDP loans, which he will be amending and re-presenting to the committee. Mr. MacDonald provided a brief overview of the loans in the pipeline. Mr. MacDonald concluded by stating that the outreach for the program will be taken over from Ann Gooding by Fernando Ramirez.

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 loan write-ups were distributed at the meeting. 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 previously tabled at the March 2012 meeting due to a change (withdrawal) in the collateral being pledged as security for the loan. Mr. MacDonald presented the revised loan request. The loan request, in the amount of \$70,000.00, will be used for the acquisition of equipment and for working capital expenses in connection with the operation of the business.

The next agenda item entertained by the Loan Committee was the loan request of Dr. Dennis Karambelas, Dr. Karambelas & Associates, Inc., 295 South Main Street, Providence, Rhode Island, 02903. The loan request, in the amount of \$75,000.00, will be used for the acquisition of inventory and for working capital expenses. Mr. MacDonald presented the loan request. PEDP anticipates its loan being a bridge loan, to be repaid by financing to be provided by TD Bank. Mr. MacDonald indicated that it is not a guaranteed take out of the PEDP loan but it will be once the Borrower is up and running in Providence. A discussion followed with regard to the collateral being pledged as security for the loan, the Borrower's lease term, and the loan underwriting ensuring that the Borrower can support the debt service. Concern was expressed regarding the collateral being pledged. Upon a motion made by Peter Scotti and seconded by Renee Bailey, it was voted to approve the loan (accept the staff approval) to Dr. Karambelas & Associates, Inc. as presented. Manny Barrows recused from voting in connection with this agenda item. Motion passed by vote.

Upon a motion made by Peter Scotti and seconded by Renee Bailey, it was voted to approve the loan (accept the staff approval) to Delta Enterprise, Inc. d/b/a Delta Auto Body, as presented. Motion passed by unanimous vote.

OLD BUSINESS

The next agenda item entertained by the Loan Committee was the ratification of staff approval to not default the loan to The Van Leesten Group, LLC as a result of the collateral being lost due to the Borrower's personal residence having been sold at foreclosure sale and to enter into a forbearance agreement. Kathy Cosentino presented the request. Under the agreement, regular loan payments will be made to PEDP going forward and all past due payments will be placed at the end of the loan term. Upon a motion made by Peter Scotti and seconded by Renee Bailey, it was voted to ratify staff's approval to not default the loan to The Van Leesten Group, LLC and to enter into a forbearance agreement. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the ratification of staff approval in connection with the Historic Tax Credit loan to Olneyville Housing Corporation for the Paragon Mills project for an additional (third) extension of the loan maturity date to provide additional time to close on the project financing. Kathy Cosentino presented this request. The loan maturity date was extended from July 2011 to October 2012. Upon a motion made by Peter Scotti and seconded by Renee Bailey, it was voted to ratify staff's approval to extend the loan maturity date in

connection with the loan to Olneyville Housing Corporation for the Paragon Mills project, as outlined above. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the request of Dr. Anne DeGroot, EpiVax, Inc., for the approval of PEDP subordinating its collateral interest in the principal's personal residence to the refinancing of the existing first mortgage balance. Kathy Cosentino presented the request. The refinancing is strictly for a lower mortgage rate. PEDP's collateral position and the Borrower's loan balance and payment history were presented. Upon a motion made by Peter Scotti and seconded by Renee Bailey, it was voted to approve the request of Dr. DeGroot, Epi-Vax, Inc., for PEDP to subordinate its collateral interest the principal's personal residence to the refinancing of the existing first mortgage, as presented. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the request of AV Studio, LLC d/b/a Andrea Valentini, 70 Kennedy Plaza, Providence, Rhode Island, for PEDP approval of the modification to the use of the PEDP loan funds. Kathy Cosentino presented this request. The Borrower is requesting that an additional \$12,000.00 be disbursed for working capital expenses from funds originally allocated for acquisition of equipment. Upon a motion made by Peter Scotti and seconded by Renee Bailey, it was voted to approve the request of Andrea Valentini, AV Studio, LLC, for the reallocation of the use of the PEDP loan funds as outlined above. Motion passed by unanimous vote.

OTHER BUSINESS

There being no other business, a motion was made by Peter Scotti and seconded by Renee Bailey, and the meeting was adjourned at 12:59 P.M.

Approved: June 14, 2012