

PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
TUESDAY, JUNE 19, 2012
SPECIAL MEETING MINUTES

A special meeting of the Providence Economic Development Partnership, Inc. (PEDP) Board of Directors was held at the office of the Department of Planning and Development, 444 Westminister Street, 1st Floor, Providence, Rhode Island, on June 19, 2012. The meeting was called to order at 12:16 PM, with Joseph Caffey, Vice-Chairman, presiding. Roll call was conducted.

MEMBERS IN ATTENDANCE

Members in attendance included Gonzalo Cuervo, representative for Mayor Angel Taveras, Joseph Caffey, Daniel Baudouin, William DiStefano, Jr., Mark Feinstein, Gary Glassman, Juana Horton, Stephen Lane, Gerald Massa, Councilwoman Sabina Matos, Janet Raymond and Clay Rockefeller.

MEMBERS ABSENT

Members not in attendance were Mayor Angel Taveras, Kas DeCarvalho, Alberto Guzman, Paul Mithun.

STAFF MEMBERS IN ATTENDANCE

Staff members in attendance included: James Bennett, Director of Economic Development and Executive Director, PEDP; Stuart MacDonald, Director of Fiscal Operations and Assistant Director, PEDP, Department of Planning and Development (DPD); Kathy Cosentino, Gail McGowan, Arthur Speaks and Amber Ilcisko.

OTHERS IN ATTENDANCE

Others in attendance included John J. Garrahy, Esq., Moses and Afonso, PEDP legal counsel; and Joshua Teverow, Esq., PEDP legal counsel.

MEETING MINUTES

The minutes of the May 16, 2012 PEDP Board of Directors meeting were submitted for review and approval. Upon a motion made by Janet Raymond and seconded by Gonzalo Cuervo, it was voted to approve the minutes of the May 16, 2012 Board of Directors meeting. Motion passed by unanimous vote.

NEW BUSINESS

The first agenda item under New Business entertained by the Board of Directors was the presentation of the ratification of the HUD approved loan and grant to WaterFire. James Bennett and Stuart MacDonald presented this request. A grant, in the amount of \$250,000.00 will be provided to WaterFire for the acquisition of a building in Olneyville. In addition, WaterFire will be coming to PEDP for a loan, in an amount of up to \$250,000.00, so long as they qualify for the loan program once the application has been received.

Gerald Massa arrived at the meeting.

A brief overview of the project was provided. Questions were raised relative to the decision PEDP management is looking for today. Concern was expressed by the board with regard to being asked to approve funding for a project without having received any documentation outlining the project or the Borrower.

Juana Horton arrived at the meeting.

The board members asked that a review of the whole project be provided as well as whether there has been any grant precedent set in the past. Mr. MacDonald provided an overview of the source of funding for this project and stated that the Borrower will still need to create jobs even though a grant is being provided. Mr. MacDonald indicated that there is not a grant precedent set in the past and that a grant policy will need to be written.

The members expressed that they are conceptually in favor of the project, however they were uncomfortable with voting on this project today without having received the details of the project. The board expressed that it would want to receive a proposal to review of both the project being proposed and the financial strength of the Borrower. The board wants to ensure that the proper due diligence has taken place. The members requested that the grant be restricted to being conditioned upon: the Borrower obtaining the other sources of financing; the Borrower remaining in Providence for a certain term; the grant being paid back if the building is sold within a certain period of time.

Mr. MacDonald stated that today's meeting was to give the board notice of the project as well as for the board to grant authority to move forward on this project.

Lynne McCormack, Director of the City of Providence Department of Art, Culture and Tourism arrived to address the board on this project. Mr. Bennett stated that Garry Bliss of the Department of Planning and Development (DPD) has identified the funding source for the grant dollars and introduced Ms. McCormack to the board. Ms. McCormack provided a background to this project. Ms. McCormack is a member of the WaterFire board, has been involved with WaterFire for the past fifteen (15) years and has been working with them on this project over the last year. Ms. McCormack indicated that WaterFire has received an ArtPlace grant in the amount of \$500,000.00 as well as a \$250,000.00 from the state in this year's budget.

The board expressed that it felt rushed and was missing information in order to vote on this matter and felt uncomfortable doing so without a proper presentation. Concern was also expressed relative to WaterFire having enough revenue to continue its programming (events) if it acquires real estate. Gonzalo Cuervo questioned whether the grant and loan approvals were considered separately, with the grant being subject to the closing on the real estate and the loan being subject to due diligence, would be acceptable to the board. The issue of whether the building would remain on the tax rolls after it was purchased by a non-profit was also raised.

Upon a motion made by Mark Feinstein and seconded by Gary Glassman, it was voted to authorize staff to continue pursuing this project and to bring this matter back to the board at a further meeting. It was then suggested that another meeting be scheduled for next week, on Friday, June 29, 2012, at 11:00 a.m. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the presentation of the Loan Committee Action report from its June 2012 meeting. Mr. MacDonald presented this request. There was one (1) new loan approved at this meeting to 50 Weybosset Holdings, LLC and a substitution of collateral was granted in connection with the existing PEDP loan to White Electric Coffee. Upon a motion made by Janet Raymond and seconded by Clay Rockefeller, it was voted to accept the Loan Committee Action Report for the meeting held on June 14, 2012. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the re-presentation of the loans for write-off. Mr. MacDonald presented this agenda item. Dan Baudouin, Joseph Caffey and Joshua Teverow were thanked for their participation in the sub-committee that reviewed the loans being presented. It was noted that only the outstanding principal will be written-off, as the interest and fees that have accrued and/or assessed have not yet been recognized as income. Each of the loans and the respective collection actions were reviewed at the sub-committee meeting and are now being re-presented for approval to write-off. It was also noted by staff and legal counsel that the collection effort relative to these loans will continue, whenever possible. Questions were raised with regard to collateral that was pledged for these loans, which Joshua Teverow addressed.

Questions regarding the write-off process were raised, which were addressed by Mr. MacDonald and John Garrahy. Mr. MacDonald added that the HUD is asking us to do this as we have an artificial default rate due to the loan write-off not having been done in some time. The last write-off that was done on a portfolio basis was in 2008. Questions regarding the loan collection process and policies/guidelines were raised which were answered by Kathy Cosentino. Mr. Bennett read an e-mail that was just received from our HUD representative praising changes that have been put into place and Mr. MacDonald's assistance in doing so. Mr. MacDonald added that if the write-offs are done regularly on a twice a year basis, the magnitude of the write-off will not be so great. A motion was made by Councilwoman Sabina Matos and seconded by Daniel Baudouin to approve the PEDP loan write-offs as presented. The motion was amended by Daniel Baudouin to direct staff to present the loans for write-off every six (6) months. The amendment was accepted by Councilwoman Matos. Mr. Teverow added that the approval is subject to the correction of the principal write-off amount indicated for Ada's Creations loan back to the amount in the original report distributed. In the updated report distributed at today's meeting, the principal write-off amount listed is the entire principal balance and the write-off relative to this loan is a partial write-off. Motion passed by unanimous vote.

OTHER BUSINESS/PUBLIC COMMENT

Mr. Bennett stated that we have \$6 million to lend out and want to get those funds out as soon as possible. We are looking at loans every day. Banks are now fully funding projects when PEDP is willing to participate *pari passu* in the project financing. This is a good sign as it indicates that liquidity is coming back into the system. Mr. Bennett asked the members to refer anyone that may be interested to our programs. Once the \$10 million has been utilized, Mr. Bennett wants to apply for an additional \$25 million in funding from HUD.

Mr. MacDonald thanked the board for getting together today. Mark Feinstein added that he attended the Betaspring event and thinks that the IIP is a wonderful program and hopes it can continue. Mr. Bennett stated that the program is the only one in the country and will be rolled out elsewhere with us as a model.

Upon a motion made by William DiStefano, Jr. and seconded by Juana Horton, the meeting was adjourned at 1:33 PM.

Approved: June 29, 2012