PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
THURSDAY, JULY 19, 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 3rd Floor Conference Room on July 19, 2012. The Loan Committee meeting was called to order at 12:18 P.M, with James Bennett, Executive Director presiding. Roll call was conducted.

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 Doris Blanchard.

STAFF MEMBERS IN ATTENDANCE
Staff members in attendance included: James Bennett, Director of Economic Development and Executive Director, PEDP; Kathy Cosentino; Gail McGowan; and Arthur Speaks.

OTHERS IN ATTENDANCE
Others in attendance were Thomas Hoagland, PEDP contract underwriter.

A motion was made by Renee Bailey and seconded by Frank Benell to nominate Peter Scotti as Acting Chairman for today's meeting in Manny Barrows absence. Motion passed by unanimous vote. Mr. Scotti began conducting today's meeting business.

MEETING MINUTES
The minutes of the June 14, 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 June 14, 2012 meeting. Motion passed by unanimous vote.

REPORT OF THE ASSISTANT DIRECTOR
There was no report this month due to Stuart MacDonald's absence.

NEW BUSINESS
The first agenda item of New Business entertained by the Loan Committee was the review of loans for approval. The first loan being presented for approval today is the loan request of Carmine Balzano, Fed-Rick Veal Company, Inc., 125 Sutton Street, Providence, Rhode Island, 02903. The loan request, in the amount of $120,000.00, will be used for the acquisition of equipment and for working capital expenses incurred in connection with the operation of the business. Thomas Hoagland presented the loan underwriting for this proposal. James Bennett gave an overview of the business and proposed project. Upon a motion made by Frank Benell and seconded by Renee Bailey, it was voted to approve the request of Fed-Rick Veal Company, in the amount of $120,000.00, as presented. Mr. Hoagland requested that the motion be amended to include the loan terms of a five (5) year term with a ten (10) year amortization at an annual rate of 5.5%. A motion was made by Frank Benell and seconded by Renee Bailey to amend the motion to approve the loan request of Fed-Rick Veal Company to include the above outlined loan terms. Motion passed by unanimous vote.

The next agenda item entertained by the Loan Committee was the loan request of Jon Ozbek, Michael Sears, and Bob MacDonald, Snakes & Dust, LLC d/b/a The Zephyr Nite-Lunch, 1380 Westminster Street, Providence, Rhode Island, 02909. The loan request, in the amount of $100,000.00, will be used for the acquisition of equipment, working capital expenses and food and

alcohol inventory. Mr. Bennett provided a brief overview of the project. Mr. Hoagland provided an overview of the professional background of the principals. Mr. Hoagland added that the matter outlined in the loan write-up of the conflict of interest issues has been addressed. Questions were raised and a discussion followed relative to the collateral being pledged being insufficient security for this loan. Stuart MacDonald was contacted via telephone to address whether the principals will pledge the subject real estate at 1380 Westminster Street and whether any of the principals can pledge additional collateral. Mr. MacDonald indicated that he thought that there was adequate collateral with the real estate being pledged (condo) and the equipment of the business, however the principals are willing to give PEDP a second position on the commercial real estate and they are willing to pledge whatever they have as collateral. Mr. Scotti stated that he would want a second position mortgage pledged on the Westminster Street property, in addition to the condo being pledged, and would also want additional collateral to be pledged that would provide PEDP with $100,000.00 in collateral coverage in total. Upon a motion made by Renee Bailey and seconded by Frank Benell, it was voted to approve the loan request of Snakes and Dust, LLC d/b/a The Zephyr Nite Lunch, in the amount of $100,000.00, subject to $100,000.00 in collateral being pledged to secure the loan and subject to receipt of the waiver of the conflict of interest from HUD. Authorization was granted for the approval of the collateral being pledged to be granted by the PEDP Assistant Director, PEDP Loan Committee Chairman, PEDP Legal Counsel and Peter Scotti, should the loan closing need to take place prior to the next PEDP Loan Committee meeting. The acceptance of the additional collateral would then reported to the committee. Motion passed by unanimous vote.

OLD BUSINESS

The next agenda item entertained by the Loan Committee was the requests from Dark Lady, Inc. and Alley Cat Corporation for PEDP approval to release and re-record its mortgage on one of the personal residences pledged as collateral for both loans in order to allow a bank approved short-sale of the property from one partner (Donald Asprinio) to the other (Randy D'Antuono). The subject property, located at 21 Grosvenor Avenue, Providence, Rhode Island, will remain pledged as collateral for both loans. Kathy Cosentino presented this request. PEDP will remain in second and third position on this property; however PEDP's new mortgage will be subordinate to a lesser amount of senior financing. Ms. Cosentino indicated that during her meetings with the principals of the business, the original discussion was for PEDP to discharge the above residence and be provided a junior position mortgage on the commercial real estate located at 17 Snow Street, Providence, Rhode Island (The Columbia Building) as substitute collateral, which was recently acquired by the principals. However, the Providence Revolving Fund is presently in the process of financing the rehabilitation of the building, which will be done in three (3) phases. The Revolving Fund has just committed to the second phase of financing and indicated that a subordinate mortgage by PEDP will interfere with their ability to continue to fund this project. In addition, there would not be sufficient equity in said property for it to be pledged as substitute collateral. Ms. Cosentino also briefly discussed with the committee another matter that has come to her attention relative to these loans. The Dark Lady has relocated to the Snow Street property (from 124 Snow Street) and the two (2) corporate entities have been consolidated, with both businesses now operating as Alley Cat Corporation, inclusive of operating under one liquor license, both of which are pledged as collateral for each respective loan. As such, the loan documents in connection with these loans will need to be modified and possibly the billing accounts. In order to meet the open meetings notice requirements, this matter could not be added to today's meeting agenda but will be placed on next month's meeting agenda for approval.

Peter Scotti requested that a motion relative to the Grosvenor property requests include a second position mortgage on the Snow Street property once financing being provided by the Revolving Fund is complete, but that this future pledge not be a condition of the approval should a subordinate mortgage not be allowable at that time. Upon a motion made by Frank Benell and seconded by Renee Bailey, it was voted to approve the request of Dark Lady, Inc. and Alley Cat Corporation as presented and for staff to request that once the Revolving Fund financing is complete, PEDP be provided a second position mortgage on the Snow Street property, if allowable at that time. Motion passed by unanimous vote.

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 12:49 P.M.