

PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.

WEDNESDAY, JANUARY 16, 2013

DRAFT MEETING MINUTES

A 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 Westminster Street, 1st Floor, Providence, Rhode Island, on January 16, 2013. The meeting was called to order at 12:08 PM, with Mayor Angel Taveras, Chairman, presiding. Roll call was conducted.

MEMBERS IN ATTENDANCE

Members in attendance included Mayor Angel Taveras, Joseph Caffey, Daniel Baudouin, Adriana Dawson, Kas DeCarvalho, Mark Feinstein, Gerald Massa, Councilwoman Sabina Matos, Janet Raymond, and Clay Rockefeller.

MEMBERS ABSENT

Members not in attendance were William DiStefano, Jr., Gary Glassman, Juana Horton, Stephen Lane, 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, Department of Planning and Development (DPD) and Assistant Director, PEDP; Kathy Cosentino, Gail McGowan, and Arthur Speaks.

OTHERS IN ATTENDANCE

Others in attendance included Gonzalo Cuervo, Deputy Chief of Staff, City of Providence and Representative for Mayor Angel Taveras (PEDP); Mark Ryan, Esq. and John J. Garrahy, Esq., Moses Afonso Ryan, PEDP legal counsel; David Ortiz, Press Secretary, City of Providence; Ann Gooding, Director of Communications, Department of Economic Development; Thomas Hoagland, consultant to PEDP; Lizzie Araujo, Archetype, LLC (Fete); and Dan McGowan, WPRI.com.

MEETING MINUTES

The minutes of the November 14, 2012 PEDP Board of Directors meeting were submitted for review and approval. Upon a motion made by Joseph Caffey and seconded by Janet Raymond, it was voted to approve the minutes of the November 14, 2012 Board of Directors meeting. Motion passed by unanimous vote.

REPORT OF THE EXECUTIVE DIRECTOR

James Bennett reviewed a few items that the mayor and economic development have been involved in. Site visits were conducted last week with the following local companies: Metal Dynamics and A Print Place. The Mayor's Neighborhood Business visits were finished. Ameriprise Financial is opening downtown. Andy Jr's opened on Federal Hill. Keller Williams opened on the east side. The American Football Conference players are staying at the Westin. There will be a series of job fairs with Workforce Solutions. PEDP is more transparent through its website. Questions were then asked of the Executive Director.

NEW BUSINESS

The first agenda item under New Business entertained by the Board of Directors was the ratification of the IIP Loan Program. Mayor Taveras' philosophy is for the board to be involved in all aspects of PEDP. This program was approved before his administration and funding is now complete. Mayor Taveras stated the he told staff to move forward on new funding for this program and would bring this matter to the board for ratification. Mayor Taveras recognized that this was not ideal given the transition PEDP is going through. Stuart MacDonald added that this group of funding was financed with the RLF funds. We had money available in the RLF because of the curtailed lending. As a result,

we had \$1.2 million on hand. This way, we did not tie up liquidity and we do not have to pay the money back with future CDBG funds. Mayor Taveras questioned the job monitoring for this group of loans. Mr. MacDonald indicated that the job monitoring for the IIP loans will be done the same way as the RLF loans. The issue of whether a lease should be required for the IIP loans was raised and discussed. The issue of whether the time-frame allowed for the IIP businesses to create jobs (3 years) should be coterminous with the time-frame during which the business has to remain in Providence (1 year) was also raised and discussed. Questions were also raised regarding whether the businesses are required to hire Providence residents and how often reports will be provided on the status of the IIP businesses. Mr. MacDonald indicated that the businesses are not required to hire Providence residents. A member noted that the Borrowers are required to enter into a First Source Agreement. It was requested that reporting to the board on the status of the IIP businesses be provided on a quarterly basis. Attorney John Garrahy asked that Mr. MacDonald define the term "convert" to the members since he mentioned that two (2) of the IIP recipients have converted. The question was raised as to whether PEDP will still fund Betaspring to the same level since the first two classes have now been funded. Mr. MacDonald indicated that the program is still open to Cherrystone and Slater, but there has not been any applicants from those groups. The last Betaspring class created the urgency because it graduated and we still did not have the program in place. Thirteen (13) graduated from the recent Betaspring class, five (5) have been funded and one (1) is pending so far. Mayor Taveras requested that at the next meeting a summary be prepared and presented to the board with regard to the number funded, the name of the Borrower, the amount invested by PEDP, and the program caps. Mr. Bennett indicated that perhaps some of the recipients can be brought in to make quick elevator pitches to the board.

At 12:33 P.M. Janet Raymond left the meeting.

Questions were raised and a discussion followed with regard to the First Source Ordinance and whether hiring Providence residents can be made a requirement. Mayor Taveras responded by saying that it cannot be a requirement but it is a preference that is provided. A report of how many went through the First Source program and how many were hired as a result was requested. Mayor Taveras stated that such a report should be easy to do. Mr. MacDonald added that such a report can be obtained from Natalie Lopes, who is overseeing the program. Mr. MacDonald indicated that we are funding jobs but the jobs are the owners. It was responded that essentially PEDP is not creating any jobs then. Mayor Taveras added that we are funding innovation. A brief discussion followed with regard to the job creation and Providence location requirements of the program. It was also expressed that changing the funding source from Section 108 to the RLF funds was a material change and it was questioned whether the \$1.2 million that was expended is available to fund other businesses through the RLF. Mr. MacDonald responded that some of those funds funded the Waterfire grant and some were recaptured by HUD for interest that was earned since 2006. There is now approximately \$200,000.00 available in cash or the Section 108 funds are available.

The board expressed that it would like to receive a better financial picture and status of the businesses funded through the IIP. Mr. MacDonald added that there is one company that wants to pay back its loan in cash instead of stock, which is currently being considered. Concern was expressed if a cash payment was accepted, PEDP would not get an increased payback that would pay for those companies that do not pay back their IIP loan. Mayor Taveras questioned Attorney Mark Ryan as to the status of review of this request. Mr. Ryan responded by saying that additional information was pending, which Mr. MacDonald will review once received and then present to the board for a policy decision. Mayor Taveras requested that whether a premium will be charged to do so be reviewed, which is not in the loan documents. Mayor Taveras also requested that another agenda item be added to the next

meeting's agenda to review the financial status, available funds, and the issue of repayment relative to the IIP. Upon a motion made by Mark Feinstein and seconded by Joseph Caffey, it was voted to ratify the IIP Loan Program, in the amount of \$1,650,000.00. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the presentation and approval of the proposed amendment to the PEDP By-Laws. Mayor Taveras gave a brief overview of the changes, as outlined in the meeting packages. Mayor Taveras added that the board should all be involved in the decisions for loans since we are ultimately responsible for those decisions. Mayor Taveras thinks that the board should be involved in those decisions as well and should have guidelines. Attorney John Garrahy added three (3) points relative to the proposed changes: 1) clarification is being provided relative to some of the language in the by-laws; 2) actions for loans has changed; and 3) the amended by-laws make it clear that the board is subject to the open meeting laws and the language from the law has been put into the by-laws.

A discussion followed with regard to the composition of the loan committee and whether the language should change relative to the committee consisting of board members. The change in the language of the purpose section to strike out PEDP "is the primary economic development policy making body of the City of Providence" was questioned and a discussion followed with regard to who is now considered the primary economic development policy making body for the city. It was requested that language be added back to indicate that PEDP is an integral part of economic development policy making. Terms for the officers of PEDP and the selection process was questioned as was PEDP's 501(c)(3) status and related responsibilities and PEDP's audit. Mr. Garrahy indicated that he did not know why PEDP was formed as a 501(c)(3) but would look into the matter and report back to the board.

A discussion followed whether the board should have input into the appointment of members of the loan committee as opposed to being appointed by the PEDP Chairperson. James Bennett stated that although the members of the committee are appointed by the chairperson, the board still is the ultimate authority because even though the loans will be vetted by the loan committee, the loans will still come to the board for approval. Mayor Taveras stated that he was not sure he supports the committee being appointed by the board and added that he can notify the board on loan committee appointments and that he is open to members of the board serving on the committee. Mayor Taveras' only issue is wanting to maintain maximum flexibility. It was requested whether the language could be changed to the committee consisting of a minimum of seven (7) members. Mayor Taveras indicated that he thought that was a good idea and that his preference would be that all members of the loan committee would be members of the board but that he feels the directors may not have time to serve on both.

Mayor Taveras then asked for a motion to approve the proposed by-laws as amended, with the following amendments: 1) Page 1 [Section 1/Paragraph 1] will be amended to read as follows, "The Corporation will serve in an integral role in economic development policy making and" (added)...oversee the implementation of all economic development plans, and will formulate policy statements based on market conditions and trends (balance of existing sentence); and 2) Page 10 [Section 8.a.] will be revised to state that the Loan Committee shall consist of a minimum of seven (7) persons. A motion was made by Joseph Caffey and seconded by Mark Feinstein to approve the by-laws as proposed and presented. A second motion was made by Daniel Baudouin and seconded by Mark Feinstein to amend the proposed by-laws based on Mayor Taveras' earlier suggestions relative to Page 1 and Page 10. Motion passed by vote. Mayor Taveras added that the record should reflect that all present were in favor to approve the changes to the by-laws, which were approved as amended, due to Ms. Raymond having previously left the meeting.

Mayor Taveras thinks that a nominating committee and terms for the officers is a good idea and will be reaching out to the board members for their interest in the Loan Committee. A review of the PEDP structure was also requested.

OTHER BUSINESS/PUBLIC COMMENT

The next agenda item entertained by the Board of Directors was Other Business/Public Comment. There being no Other Business before the board, Mayor Taveras asked whether there were any members of the public present that would like to make public comment. Attorney John Garrahy first recited the ground rules for public comments. Mr. Garrahy stated that the public may only speak on topics related to the matters before the Board today. It is not a question and answer period, but a comment period. Each member of the public must limit their comments to five (5) minutes or less. No member of the public shall be disruptive and their comments must be relevant to the activities of the Board. The entire public comment period shall not exceed fifteen (15) minutes.

Ms. Lizzie Araujo, General Manager of Archetype, LLC d/b/a Fete was present to address the board. Ms. Araujo stated that what she was present for was not related to today's agenda and questioned whether she could still make public comment. Mayor Taveras responded that she had waited over an hour, so yes she could.

Fete is a current loan recipient and a brief overview of the loan approval and use of funds was provided by Ms. Araujo. Fete has been in need of a reallocation of its remaining loan funds from acquisition of equipment to additional working capital expenses, which was requested in October 2012, but there has not been a Loan Committee meeting since that time. Ms. Araujo asked if the board could consider this request at this time.

Mayor Taveras requested that Mr. Bennett and Mr. MacDonald have a report ready for the next meeting to present to the board and also requested that HUD approval be obtained in connection with this request. Mayor Taveras responded to Ms. Araujo that he wants more information before providing a response. Councilwoman Matos stated that she was comfortable with granting a conditional approval in that if HUD approves this request, staff could move forward with the reallocation of funds, which would then be ratified by the board at the next meeting. Mr. Garrahy stated that the board could not vote on this matter because it was not on today's meeting agenda. Concern was expressed with regard to the impact the reallocation of funds would have on collateral. Mr. Garrahy added that it is not appropriate for the board to discuss this matter at this time because it is not an agenda item today. Mayor Taveras stated that this request would be prepared for the next meeting and that we will do our due diligence to provide a prompt response. Mayor Taveras questioned if there were other outstanding requests for a re-allocation of loan funds. There are not however there are other requests pending from loan recipients. It was requested that a Loan Committee meeting be scheduled so that the board can have recommendations regarding those matters at the next meeting.

Mayor Taveras was congratulated on his new status.

Upon a motion made by Joseph Caffey and seconded by Councilwoman Sabina Matos, the meeting was adjourned at 1:37 PM.