

***PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.***  
***WEDNESDAY, FEBRUARY 27, 2013***  
***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, 1<sup>st</sup> Floor, Providence, Rhode Island, on February 27, 2013. The meeting was called to order at 12:09 PM, with Mayor Angel Taveras, Chairman, presiding. Roll call was conducted.

**MEMBERS IN ATTENDANCE**

Members in attendance included Mayor Angel Taveras, Joseph Caffey, Adriana Dawson, Mark Feinstein, Gary Glassman, Councilwoman Sabina Matos, Janet Raymond, and Clay Rockefeller.

**MEMBERS ABSENT**

Members not in attendance were Daniel Baudouin, Kas DeCarvalho, William DiStefano, Jr., Juana Horton, Stephen Lane, Gerald Massa, 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); John J. Garrahy, Esq., Moses Afonso Ryan, PEDP legal counsel; Ruben Flores-Marzan, Planning and Urban Development Director, City of Providence Department of Planning and Development; Garry Bliss, Deputy Director for Community Development, City of Providence Department of Planning and Development; Ann Gooding, Director of Communications, Department of Economic Development; Roger Frankoff, Development Solutions, Inc. (DSI) and technical assistance specialist from HUD; Thomas Hoagland, consultant to PEDP; Lizzie Araujo, Archetype, LLC (Fete); Dan McGowan, WPRI; Barnaby Evans and Jess Powers, WaterFire.

Mayor Taveras began by stating that if acceptable, the agenda would be taken out of order. Garry Bliss has another commitment and as such we will be taking the agenda items under new business first and then we can follow the agenda order. Mr. Bliss presented the agenda items under New Business: the presentation and approval of the Storefront Improvement Program and the presentation and approval of the Small Business Start-Up/Ramp Up Consulting.

Mr. Bliss commenced by reminding the board that it had previously approved an action plan for PEDP for the coming year that included neighborhood economic development revitalization initiatives. We have been working to put some more definition to that. Mr. Bliss indicated that he would be providing an update at this meeting and hopes to have something in finalized form ready as a motion for formal consideration by this board at the next meeting. There are two key things that we are looking at. One is reviving and bringing back a Storefront Improvement Program. The city had one before and it is common and frequent in municipal level economic development. The city interacts with the businesses in the street and works directly with them to make façade improvements. We are looking to have a simple application process. We will ensure that the project complies with design standards and zoning and is up to date with city taxes and issues like that. We are also looking to have a simple approval process. We will then reimburse the business for some of the expenses of the improvements once the project is finished. The common breakdown is that the costs are shared 50/50 up to a certain dollar amount. Mayor Taveras added that this is something that he advocated for. When you walk the main streets, it is important to have nice storefronts. Mayor Taveras indicated that there is

approximately \$200,000.00 in federal funds still available for these investments. Mr. Bliss continued that we will be looking at where streetscape and infrastructure improvements will be made and will prioritize where these investments will be made. Mr. Bliss hopes to have something to the board in advance of the next meeting and on the meeting agenda for approval. A question was raised with regard to the loan amount. Mr. Bliss indicated that the amount was previously \$1,800.00 but we are looking at this and trying to find the intersection with the federal regulations and perhaps will have two dollar amounts for this program. Mayor Taveras stated that he wants to see some type of design review with the planning department for these improvements and wants to find out more about security cameras, which are good for business and for public safety. A suggestion was made to reach out to AIGA to reflect the creative talent in the city and perhaps obtain some free/volunteer services. Questions were raised and answered by Mr. Bliss with regard to the availability of funds and whether there would be target areas for this program. Mayor Taveras stated that these agenda items are not for action today. They are stated as such in on today's agenda in order to maintain the possibility for action to be taken.

Mr. Bliss continued by discussing the second agenda item of New Business regarding the Small Business Start-Up/Ramp Up Consulting. This program will be providing technical assistance to those starting or expanding business. An RFP will be put out to gather a consultant or a collection of consultants. We currently refer applicants to the SBDC, but there is a line out the door that is longer than their capacity. Adriana Dawson, Director of the RI SBDC spoke to this matter. They have partnered up extensively with PEDP with applicants and current Borrowers in distress. The volume has put a significant strain on their consulting. Support was expressed for this program and a question was raised relative to tracking systems for this program and the need for such services. Mayor Taveras thanked Mr. Bliss for the work that he is doing and looks forward to him coming back before the board. Mr. Bliss thanked the board for adjusting their agenda today.

#### MEETING MINUTES

The minutes of the January 16, 2013 PEDP Board of Directors meeting were submitted for review and approval. Upon a motion made by Mark Feinstein and seconded by Clay Rockefeller, it was voted to approve the minutes of the January 16, 2013 Board of Directors meeting. Motion passed by unanimous vote.

#### REPORT OF THE CHAIRMAN

Mayor Taveras stated that he would be short because of the loan agenda today. At the last meeting, he requested additional information on the IIP loans, which James Bennett will discuss in his report. Mayor Taveras reiterated that we need to discuss the premium issue with regard to these loans. Mayor Taveras thinks that we should charge a premium but we can discuss this matter in the future. Mayor Taveras has a draft economic development plan that he will be presenting in the future, perhaps in the next couple of weeks or at a special meeting in compliance with the open meetings. Mayor Taveras added that Jim and Garry have been working on the plan and will be presenting it shortly to make sure the board has time to review it and provide feedback because it will guide us into a much more prosperous future. Mayor Taveras concluded by thanking the board for all of its work and thanked the loan committee for their hard work as well. It is clear from the recommendations today that they are putting in a lot of work.

#### REPORT OF THE EXECUTIVE DIRECTOR

James Bennett commenced by stating that there are issues for future agenda items which relate to Betaspring. The board approved \$1.65 million for the last class. Then three additional applicants came in, which would be additional funding in the amount of \$150,000.00 for the board to consider

funding. We consider Cherrystone, Slater and Betaspring companies but we have to consider those that have applied that did not go through those organizations. Mr. Bennett was looking for direction on how to proceed with those applications and questioned if those are to come into the loan committee for review. We will have close to \$2 million committed to Betaspring, which is approximately twenty percent (20%) of our portfolio. An update was requested with regard to the company that wanted to repay its PEDP investment. Mr. MacDonald indicated that that matter had solved itself since the company agreed to give PEDP the preferred stock, in accordance with its documents, instead of paying a twenty percent (20%) premium. The question was raised as to whether the program would have the same benefit and success rate if lowered to investments of \$25,000.00 since the board did not anticipate all the funds being taken advantage of so quickly. Mayor Taveras added that it would be helpful to have a loan summary sheet, similar to the one prepared for the loans on today's agenda, for the IIP loans. Quarterly reports from the IIP recipients were requested. The job creation and business status data is also to be included in the IIP summary report.

A discussion followed with regard to establishing a review process for the non-Betaspring IIP applications. It was questioned whether the board has the ability to vet these applications. Mayor Taveras stated that he wants the IIP applications reviewed objectively, and wants the politics removed from it, with no involvement in approving those loans. Mayor Taveras likes having a third-party validator, for lack of a better term. Mayor Taveras asked that this matter be placed on the next meeting agenda as an action item with additional information to be provided in conjunction with the IIP summary report. A discussion followed with regard to who would be reviewing the pending IIP applications. Partnerships with local companies was requested to be added to the IIP report. Mayor Taveras stated that Mr. Feinstein suggested that a sub-committee be formed to review the IIP applications. Mayor Taveras stated that he has the ability to create an ad hoc committee, which Mark Feinstein will Chair and he will reach out of the board members to ask for volunteers for the committee and asked that the committee report back at the next meeting. This will be a one-time only committee that is to consist of three (3) to six (6) committee members only.

Mayor Taveras stated that he has to leave early and that there will still be a quorum in his absence but wants to get through the Loan Committee actions. Mayor Taveras stated that in the instance of the Pisaturo agenda item, the description of the request is to be clear. Mayor Taveras' initially thought that the request was a modification to an existing \$34,000 loan, i.e. a change in current loan terms. The request, in fact, is for new loan funds in the amount of \$34,000.00 and asked that requests for additional financing not be classified as a loan modification. Mayor Taveras added that on Page 9 of the package, the recommendation section of the loan write-up is unclear as to whether the recommendation is that of the Loan Committee or of staff and asked that the section be changed to read "Staff Recommendation to the Loan Committee". For clarification purposes, Kathy Cosentino explained the composition of today's meeting package. The write-ups included in today's package are a copy of the agenda package that staff presented to the Loan Committee for its meeting, which is not altered in any way when forwarding for the Board of Directors for its review. The recommendations of the Loan Committee relative to the loan requests are outlined in today's meeting agenda. Mayor Taveras also added that on Page 9 of the package in the Public Benefit section, it is stated that a FTE job will be created for the financing of \$34,000 of gasoline. Mayor Taveras does not think that the purchase of gasoline will result in an additional job being created. Mayor Taveras requested that "FTJ" on Page 9 be changed to "FTE". Mayor Taveras explained to the board that there are so many actions on today's meeting agenda because there was a backlog due to the committee not having convened in so long.

Mayor Taveras questioned if the recommendations of the committee are acceptable to HUD. Mr. MacDonald responded in the affirmative. Mayor Taveras questioned if HUD's acceptance of these actions was received in writing and if not, questioned how we know that they are acceptable to HUD. Mr. MacDonald responded by saying it was through discussions with HUD. Mayor Taveras suggested that any approvals granted by the board be subject to receipt of a written response from HUD given the current level of HUD supervision.

Attorney John Garrahy stated that a motion is needed to approve the denial of the new loan [to Pisaturo Real Estate, LLC]. Upon a motion made by Janet Raymond and seconded by Mark Feinstein, it was voted to approve the Loan Committee's recommendation to deny the new loan request of Pisaturo Real Estate, LLC. Motion passed by unanimous vote.

Mayor Taveras stated that he has to leave the meeting and that we need to look at how we do moratoriums. Mayor Taveras understands if they are appropriate given a Borrower's financial condition but we have to find a way to ease people back into paying. A business is never going to go from paying none of its payment to paying it in full. Mayor Taveras also added that in regard to the moratorium request of Fete, the agenda indicates that the Borrower's request was through June 2014, and that he is not in support of entertaining requests for a moratorium for that length of time. Ms. Cosentino indicated that the date of 2014 was a typographical error and should read June 2013 and apologized for the error. Upon a motion made by Janet Raymond and seconded by Joseph Caffey and Clay Rockefeller, it was voted that any motions for approvals be subject to written approval from HUD. Motion passed by unanimous vote. Mr. MacDonald added that there will be a new grouping of the agenda items. Instead of listing the actions as presented to the Loan Committee as on today's agenda, the recommendations will be grouped by the committee's actions taken, as requested by Mayor Taveras

At 1:05 P.M. Mayor Taveras left the meeting. Joseph Caffey, Vice-Chairman, now presiding.

The next agenda item under the Loan Committee Recommendations was the Existing Loan Requests. The balance of the loan requests on the agenda for approval to The Caledonian and Lopco were tabled and withdrawn from the agenda at the committee meeting, respectively, and therefore no action was taken. The first request was from the Dark Lady, Inc. and Alley Cat Corporation loans. Kathy Cosentino presented these requests. The first request was for staff to provide a collateral update and obtain an additional board action as a technicality and for clarification purposes with regard to the pledge of additional collateral. The Loan Committee previously requested but did not require a future pledge of the commercial real estate, newly acquired by the principals, once the final phase of financing was complete. The commercial property is being pledged at this time, prior to the final phase of the financing being obtained, subject to a future subordination by PEDP to the additional project financing. The committee recommended approval of this request. The second request was for the approval of the loan assumption of the Dark Lady, Inc. loan by the Alley Cat Corporation and staff's request to enter into loan modification agreements and to modify the existing loan documents accordingly, which was also recommended for approval. A brief history of the loans and current status was provided.

A discussion followed with regard to how much detail the board is going to go into with respect to the requests that have been reviewed by the Loan Committee. It was expressed that it felt like the board was rehashing what the loan committee is doing. Mr. Garrahy addressed the recent by-law changes that affected the approval process. Mr. Garrahy attended the committee meeting and added that they did a very thorough job, asked the appropriate questions and spent the time necessary to review the

requests before them. Mr. Garrahy indicated that there should be some reliance on the committee and their vetting of requests. A discussion then followed with regard to how the board would proceed with reviewing the recommendations and whether each agenda item would be discussed individually and voted upon or whether all the discussion should take place upfront and then voted upon once the discussion is complete. It was requested that the members of the Loan Committee meeting that were in attendance at its meeting be included in the meeting package. It was also requested that the board be included in the circulation list for the committee meetings and that a summary of the discussion also be included in the meeting package.

Upon a motion made by Mark Feinstein and seconded by Clay Rockefeller, it was voted to approve the recommendations of the Loan Committee in connection with the requests of Dark Lady, Inc. and Alley Cat Corporation. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of Naga Food Products for the approval of a payment plan and change in loan terms. Mr. MacDonald presented this request. The committee recommended approval of a reduced monthly payment, as requested. In addition, the late fees are to be waived and should twenty-four (24) on-time payments be made, the current outstanding accrued interest will be waived. Upon a motion made by Mark Feinstein and seconded by Gary Glassman, it was voted to approve the Loan Committee recommendations in connection with the requests of Naga Food Products. Motion passed by unanimous vote. Ms. Cosentino added that it should be noted that the committee also recommended denial of the Borrower's request for a fifty percent (50%) principal reduction and for a two percent (2%) interest rate reduction.

The next agenda item entertained by the Board of Directors was the request from Pastry Gourmet for approval of an extension of its loan term as the loan has now matured. Mr. MacDonald presented this request. This request was tabled for the submission of financial statements.

The next agenda item entertained by the Board of Directors was the request from North Shore Construction for an additional payment moratorium. Mr. MacDonald presented the request. The company is no longer in business. The Borrower's previous moratorium expired and has requested an additional moratorium due to medical issues. Upon a motion made by Mark Feinstein and seconded by Clay Rockefeller, it was voted to approve the recommendation of the Loan Committee to approve the moratorium request of North Shore Construction. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the two (2) requests of Fete (Archetype, LLC). Mr. MacDonald presented this request. The first request is for the re-allocation of funds. There is \$48,405 remaining to be disbursed on this loan for the acquisition of equipment that the Borrower is requesting be converted to be used for additional working capital expenses. The second request is for a payment moratorium. The Borrower requested a moratorium through June 2013 and the Loan Committee recommended a period of six (6) months through July 2013. The Loan Committee's recommendation is for the approval of both requests. A motion was made by Councilwoman Sabina Matos and seconded by Adriana Dawson, to approve the Loan Committee's recommendations in connection with both requests. Clay Rockefeller recused from the vote in connection with this matter and was asked to step away from the table during this time period.

Ms. Cosentino stated that staff is in receipt of a recent communication from the Borrower and deferred to Mr. MacDonald for the discussion of this matter. When questioned, Ms. Cosentino indicated that the communication was in respect to staff's request for the submission of Personal Financial Statements for the principals of the business. Ms. Cosentino continued that the e-mail communication

stated that the principals were not comfortable submitting the requested statements at this time. A discussion followed with regard to standard documentation that is requested of Borrowers that submit requests to the Loan Committee and Board of Directors. Ms. Cosentino added that the submission of the financials was not a condition of the committee's approval, however the request that was presented to the committee did indicate that financials were requested and pending from the Borrower. Ms. Cosentino indicated that while updated financial statements and corporate and personal tax returns are requested when loan modification requests are submitted to the Loan Committee and Board of Directors, personal financial statements are not generally requested of the Borrowers at that time because those statements are submitted at the time of the loan application, which is not the case for this particular loan. This is the only loan file to her knowledge that does not contain those documents as part of the application package submitted to PEDP. Ms. Cosentino added that it should be noted, however, that the Borrower did not submit personal financial statements for the principals at the time of the application at the direction of the former Director/Executive Director so that they would not become public record and was not due to the Borrower's refusal to submit those documents. Since a request was submitted for consideration by the board, the statements were requested by staff in order to complete the loan application file. Mr. MacDonald added that the financial documents are requested of the Borrowers in order to evaluate their financial condition and show the basis for the granting of such a request. Adriana Dawson stated that she wanted to withdraw her second to the motion to approve the requests of Fete. Councilwoman Matos amended her motion for the approval of the recommendations of the Loan Committee to approve the requests of Fete to include the submission of the documents that have been requested by staff [personal financial statements of the principals]. Motion passed by vote.

The next agenda item entertained by the Board of Directors was the request of Villa Dolce Vita for the approval of the re-amortization of the loan arrearage and for the extension of the loan term. Kathy Cosentino presented this request. A brief description of the loan, its status and its current collateral was provided. The Loan Committee recommendation was for the approval of this request based on the significant value of the equity in real estate that is pledged as collateral as well as due to the loan being significantly paid down. Upon a motion made by Mark Feinstein and seconded by Councilwoman Matos, it was voted to approve the recommendation of the Loan Committee for the approval of the request of Villa Dolce Vita for the re-amortization of its loan arrearage and for the extension of its loan term. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of Olneyville Housing Corporation for a change in loan terms whereby the commencement of the interest-only payments for this loan would be extended. Mr. MacDonald presented this request. The loan terms for this loan were for no payments for the first twelve (12) months and interest-only payments thereafter. The Borrower requested that the commencement of the interest-only payments be extended twelve (12) months, which the committee recommended approval. Clay Rockefeller recused from voting in connection with this loan request and stepped away from the table during its discussion. Upon a motion made by Mark Feinstein and seconded by Gonzalo Cuervo, it was voted to approve the recommendation of the Loan Committee for approval of the request of Olneyville Housing Corporation for the extension of the commencement of its interest-only payments by twelve (12) months. Motion passed by vote.

The next agenda item entertained by the Board of Directors were the requests of Eagle Square Commons. Mr. MacDonald presented these agenda items. The request for a change in loan terms for an interest rate reduction and a loan term/maturity extension was tabled pending the submission of financials. The request for a collateral substitution was for discussion purposes only and no action was required. Mr. MacDonald stated that the principal wants to substitute its interest in a shopping plaza in

Vermont for its interest in the Eagle Square Commons plaza, however not enough information has been received to consider this request.

The next agenda item entertained by the Board of Directors was the request of Trinity Repertory Company for a change in loan terms whereby a partial release of collateral would be approved relative to the mortgage pledged on the Empire Street property. Mr. MacDonald indicated that this request is convoluted and Mr. Garrahy indicated that he would handle to presentation of this request. PEDP has two (2) mortgages pledged in connection with this loan which has a current outstanding balance of \$319,000.00. The request is for the mortgage on the Empire Street property be released. PEDP will remain in first position on the Washington Street property. The Loan committee recommended approval. Upon a motion made by Mark Feinstein and seconded by Janet Raymond, it was voted to accept the recommendation of the Loan Committee in connection with Trinity Repertory Company. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of Bali Holdings/City Arts for a change in loan terms. The Borrower's request is for an interest rate reduction and an extension of its interest-only payments. Mr. MacDonald presented the request. This loan is an assumption of the Providence Black Repertory loan. The business is open and has made its interest-only payments. The principal and interest payments are now commencing, increasing its payment by \$2,000, which the Borrower cannot afford. The Loan Committee recommendation was for approval of the additional twelve (12) months of interest-only payments, with the loan rate to remain unchanged. Upon a motion made by Mark Feinstein and seconded by Adriana Dawson, it was voted to approve the recommendation of the Loan Committee in connection with the request of Bali Holdings/City Arts. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of Community Works RI d/b/a Broad Street Revitalization for the approval of a forbearance. Mr. MacDonald stated that this request was tabled for the submission of financials.

The next agenda item entertained by the Board of Directors was the request of Andrea Valentini (AV Studio, LLC). Mr. MacDonald asked that Ms. Cosentino present this request. The request is for PEDP to subordinate its collateral interest in the personal residence of the principal's parents, which is pledged as collateral for this loan. The transaction is strictly a refinance for a lower interest rate, with the exception of the settlement charges. A brief description of the loan and its status was provided. Adriana Dawson recused from voting in connection with this agenda item. Upon a motion made by Janet Raymond and seconded by Councilwoman Matos, it was voted to approve the recommendation of the Loan Committee for the approval of the request of Andrea Valentini. Motion passed by vote.

#### OTHER BUSINESS/PUBLIC COMMENT

The next agenda item entertained by the Board of Directors was Other Business/Public Comment. Vice-Chairman Caffey asked whether there were any members of the public present that would like to make public comment. There were none. Councilwoman Matos added that she had Other Business to discuss. At the previous meeting, she had requested recommendations on a new structure of PEDP at the previous meeting. Mr. Garrahy responded that it would be more appropriate to discuss this matter at the next meeting with the Mayor present.

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

Approved: March 20, 2013

