

PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
WEDNESDAY, APRIL 17, 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 Westminister Street, 1st Floor, Providence, Rhode Island, on April 17, 2013. The meeting was called to order at 12:23 PM, with Mayor Angel Taveras, Chairman, presiding. Roll call of the directors was conducted. Mayor Taveras asked that the record reflect that PEDP legal counsel, John Garrahy, Jim Bennett, Executive Director, Gonzalo Cuervo, Deputy Chief of Staff, and Stuart MacDonald, Department of Economic Development were also present.

MEMBERS IN ATTENDANCE

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

MEMBERS ABSENT

Members not in attendance were Adriana Dawson, Gary Glassman, Juana Horton, Stephen Lane, and 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; 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; Ann Gooding, Director of Communications, Department of Economic Development; Thomas Hoagland, consultant to PEDP; Dian Jiao, Meryan Dashri, and Yuan Sun, Rhode Island School of Design.

MEETING MINUTES

The minutes of the March 20, 2013 PEDP Board of Directors meeting were submitted for review and approval. Upon a motion made by Kas DeCarvalho and seconded by Joseph Caffey, it was voted to approve the minutes of the March 20, 2013 Board of Directors meeting. Janet Raymond, William DiStefano, and Gerald Massa abstained from voting on this agenda item due to not having been present at the meeting. Motion passed by vote.

REPORT OF THE CHAIRMAN

Mayor Taveras wanted to talk briefly about his Economic Development Plan. We were going to discuss this previously but he encountered a bit of a challenge regarding how to present it publicly at the time that he wanted to. The issue being for us to discuss this at a meeting, he would have been presenting it publicly at that time instead of the way he hoped to roll it out. Mr. Taveras apologized for the board just getting it now and not before, but he was not sure how we could do it and also be able to control the way it was made public. Gonzalo Cuervo distributed copies of the plan to the directors at the meeting. Mayor Taveras gave a brief background of the studies that have been done before and stated that what he wanted was specific action steps to take to change the business climate and the economy in the city. Mayor Taveras noted that the plan reviews economic conditions, industries, workforce readiness, and tax policy to give context of where we are. Section 7 of the report provides action steps. Five (5) are priority action steps and there are fifteen (15) additional action steps for us to take as a city. Mayor Taveras proceeded to briefly review each of the priority action steps: 1) Freeze the commercial tax rate; 2) fix the permitting process; 3) remove barriers to development; 4)

incentivize development of surface lots; 5) reinvent Kennedy Plaza; 6) invest in storefront improvement/Storefront Improvement Grants; and 7) provide targeted operations support for businesses. The mayor is also going to be working to rehabilitate foreclosed properties in the city; create an up-to-date database of all properties available for development; and market Providence through the tourism fund.

Mayor Taveras asked that the directors take a look at the action items on pages 18-22. There is no one thing that solves the economic issues that face our city and our state; we have to do many things. He is going to work on education, the tax climate, the business climate, and attracting people into our state. Mayor Taveras is going to work hard at accomplishing all of the action items. Mayor Taveras requested that the directors review the plan and would love the board to share its thoughts with him through Gonzalo Cuervo. The plan is not an exhaustive list but Mayor Taveras thinks that it is a really good start if we can carry out the twenty (20) actions items to help the economy in the city and the state as well.

Questions were raised relative to the plan. Mayor Taveras was asked to speak to the PEDP program of lending and grant making to arts and cultural organizations referenced in action item #19, "Market Providence". Mayor Taveras indicated that this was part of the action plan submitted to HUD, with an original allocation of \$1 million, which has been decreased to \$500,000.00. A copy of the action plan can be distributed to the members if they did not previously receive one. Mayor Taveras referenced the chart on page 11 of the economic impact of arts and culture and stated that as a result of this data, we need to continue to be supportive and see this sector grow, as it is what makes us special.

Councilwoman Sabina Matos suggested that a connection be made between #8, "Reform the City's Zoning Ordinance" and #2, "Fix the Permitting Process". Mayor Taveras indicated that is something that we can do but zoning changes have to go through the city council. Mayor Taveras is willing to look at that and work with the council to make it happen.

Kas DeCarvalho added that the mayor's comment that there is no one thing but of lot of things that need to be done is precisely on point. On a foundational basis, he is sensitive to the degree of how the mayor's administration has to control how these things are made public. By the same token, he was surprised when he went to the Providence Foundation presentation because our board did not have much say in the development of the plan. While this is entirely at the Mayor's discretion, there is a lot of talent around this table. Mr. DeCarvalho doesn't know how to get around the friction there is regarding these things being rolled out in their due time and the board rationally having an impact on the development of plans before they are rolled out and the open meetings laws. He would like to discuss other things that might be important on the development of the city, such as the impact of our municipal school system on attracting people. He thinks that the plan is great but feels like we are being asked to be more reactionary than proactive. Mayor Taveras responded by referencing the educational piece of the plan, #13. Mayor Taveras stated that if there was only one thing he could do, it would be to have the best school system in America because so much flows from that.

Mayor Taveras reiterated that the plan is not exhaustive. He wants the board's input and thoughts. We need to take action and he is happy to take feedback. Mayor Taveras suggested that perhaps we could have a special meeting to discuss further depending on the level of feedback.

Mark Feinstein added that it is more the process and how we fit into it as he was also disappointed that we were not part of the strategy or discussion of the list or what makes the list and its prioritization. Mr. Feinstein thought that one of the roles of the PEDP board was to be the resources to put economic

strategy together. Mr. Feinstein noted that individual feedback is not the same as having a discussion and that it would be sad if the talent around the table cannot be part of the process somehow. Mayor Taveras thanked Mr. Feinstein.

Councilwoman Matos added that she would love to see targeting businesses in the neighborhoods and not only downtown but Atwells Avenue and Olneyville Square also. Mayor Taveras referenced action items #6 through #10. This is something that PEDP can do through its priorities and lending to small businesses; we have an opportunity as a board to do that. Mayor Taveras noted that the neighborhoods are important as are the main corridors.

When questioned as to what the most practical way to field comments into the mayor, Mayor Taveras restated that all comments should be forwarded to Gonzalo Cuervo. Depending on what the comments are, we can then decide what to do next. It was questioned whether we are not able to get together informally, to which the mayor deferred to legal counsel. John Garrahy responded by saying that it is a challenge to do so. If you meet informally or less than the entire group does it becomes a problem and is a challenge to have continuing discussion without a meeting. A small group discussing board business may be some type of violation. If you have a committee of the board, it is subject to the public meetings laws, which may make the information public before you want it public. A discussion continued with regard to how to discuss matters and the public meeting requirements. Mayor Taveras stated that we are a public entity so to speak and 1) have to give notice of a meeting and 2) have to give notice on anything we may take action on. Mayor Taveras indicated that he is not opposed to a facilitated retreat as he has been reorganizing the board for two years.

REPORT OF THE EXECUTIVE DIRECTOR

James Bennett has a couple of things to discuss with the board. C.J. Fox opened up and the mayor did a ribbon cutting. There are things happening in Providence and the principal is providing risk capital and this is a great project. The gas building is getting ready to open up, which this administration helped with. The building has been converted into apartments with a roof top deck, which was originally going to be office space. The Arcade is imminent. DCI is moving into Mathewson Street, with 80 employees. The Sportsman Inn is underway. The city has \$200 million in road construction going on. The mayor's plan talks about the PRA, Providence Redevelopment Agency. The BRA, our sister organization from Boston came down to talk with us. We have the tools but not the toolbox. We have the ability to condemn and finance bonds, and just need to push leadership. We have hired a new Executive Director of PRA, Donald Gralnek. Under the PRA, we are partnering with Marcel Valois to get the 25-acre American Tourister site done. We haven't had an office park in the city since 1990 and it is rare in the state. In the Port of Providence, the cranes are coming in May. There is an EDA grant that will allow the extension over Lot 288. The vote will take place on May 9th. It is a job creator. He is glad that Mr. Gralnek has been able to join the team. He was retired; we brought him back. He was former legal counsel to San Jose Sharks and former Chairman of the Chamber of Commerce in San Jose. He has a background in real estate and is a great find for the city. They had a facilitated retreat at Johnson and Wales with a facilitator from PC. Anytime can get together and exchange ideas, great ideas come out of it. The economic plan has gone viral. There will be a group in from Chicago tomorrow to tour with large Boston developers because of what is going on in the plan. The world is viral now, if you have a good idea, it reaches everywhere.

Daniel Baudouin applauded getting the PRA energized again and that eminent domain is in the plan. Mayor Taveras responded that the PRA is going through a process there regarding its audit and some other things, so it will take a little time to get where we want to be, but it is a very powerful agency. We want to use it collaboratively with all of the tools we have.

Mayor Taveras stated that we would now go to New Business. Mr. Bennett first wanted to announce that the mayor is having a roundtable on military employment on Friday, April 26, 2013, at the Providence Convention Center. Mayor Taveras is hosting with Senator Reed and the roundtable and job fair will be from 10:30 to 12:00. The board is invited to attend.

NEW BUSINESS

Mayor Taveras stated that he was going to take a bit of discretion first and take agenda items 5.b. and 5.c. first and then focus on agenda item 5.a., which would make the most sense.

The first agenda item of New Business considered by the Board of Directors was the request of Dr. Dennis Karambelas and Associates, Inc., 295 South Main Street, Providence, Rhode Island, 02903, for PEDP approval to subordinate to the refinance of the existing second mortgage. Stuart MacDonald stated that in Kathy Cosentino's absence he would present the request. An equity line from Wells Fargo has expired and the principal is getting a new line in the amount of \$112,000.00. The \$3,500.00 differential is interest and closing costs. Mr. MacDonald indicated that the subordination does not impair our position in the property. We knew going in that we were not using the residence for anything other than psychological collateral since the mortgages on the property are greater than its assessed value at the time. We did receive an appraisal and we are significantly underwater. Mr. Garrahy added that normally this would go to the Loan Committee first, but because the committee changed its schedule, and timing is an issue; it is before this board but has not been vetted by the committee, which is the case for this and the next agenda item. Mr. Garrahy was questioned relative to Mr. MacDonald's statement that this would not change our position, asking for confirmation that we are not taking on any more risk. Mr. Garrahy responded that this would be a no brainer if it was the same amount as we would be replacing like kind, but the new line is approximately \$4,000.00 more, which we are theoretically losing in equity. Mr. MacDonald added that we never had the \$4,000.00 in equity anyway. Mr. MacDonald also added that if the line was the same amount, he would not bring that matter to the board, he would just have done it. Upon a motion made by _____ (not read into record) and seconded by Joseph Caffey, it was voted to approve the request of Dr. Dennis Karambelas and Associates, Inc. for PEDP to subordinate to the refinancing of the existing second mortgage on the principals personal residence, located at 6 Mallard Cove Way, Barrington, Rhode Island, in an amount not to exceed \$112,500.00. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of Cecelia Okubanjo f/k/a Cecelia Britto d/b/a Italian World Boutique, formerly located at 15 Linden Street, Providence, Rhode Island, 02907, then 836 Admiral Street, Providence, Rhode Island, 02908, for PEDP approval of a release of collateral to allow the short sale of the property pledged. Stuart MacDonald presented the request. This is not an unusual situation in this economy. The amount owed is \$274,000.00 plus our loan in the original amount of \$30,000.00 with a balance of \$22,000.00. The property is being sold for \$85,000.00. The bank is willing to accept \$85,000.00 and has agreed to give PEDP \$3,000.00 out of the proceeds. Mr. MacDonald indicated that we have the HUD-1 but did not give it to the directors due to confidential information. Staff has requested that as a condition of any approval that may be granted, that the loan account be brought current. The loan account is in arrears in the amount of \$1,100.00. We have no other option here, which is a sad situation. Mr. Garrahy noted that the same situation exists here as this request was not vetted by the Loan Committee. There was an urgency to the request because the sale is imminent and if it does not go through, there could be a potential foreclosure, which is why it is here and has not gone to the committee first. The sale is scheduled for settlement on April 30, 2013, which is before the next Loan Committee meeting. The payment of \$3,000.00 is equitable. The principal has given assurances that she will continue to make payments.

The debt is not extinguished but the collateral will be released. Upon a motion made by Joseph Caffey and seconded by William DiStefano, it was voted to approve the request of Cecelia Okubanjo f/k/a Cecelia Britto d/b/a Italian World Boutique, for the release of her personal residence located at 30 Fenner Street, Pawtucket, Rhode Island, as collateral for her PEDP loan to allow the short sale of the property. The approval is granted in exchange for a \$3,000.00 consideration payment and subject to an additional payment to bring the loan account current. Motion passed by unanimous vote. Mayor Taveras noted that this was a \$30,000.00 loan made in 2008 with a balance of \$22,000.00. The Borrower has made a fair number of payments and the balance will be further reduced by the \$3,000.00 payment. PEDP still can pursue the principal if need be.

The next agenda item entertained by the Board of Directors was the status of the IIP program. Stuart MacDonald presented this agenda item. The report distributed in today's meeting package tells where we are in the job monitoring piece. The companies that were funded in the Fall 2012 have not been monitored yet because they are too new, but will be monitored soon. Eight (8) or nine (9) have not complied with the job monitoring. We are working with Betaspring but the documents are slow coming. The IIP's do not have personal guarantees. Mayor Taveras questioned the addresses in the report and whether those are the addresses for the business locations. Mr. MacDonald indicated that they are, for HUD purposes. Mayor Taveras noted that they are all basically housed at Betaspring. Mr. MacDonald indicated in the affirmative. Mayor Taveras stated that to be clear, 1 Davol Square is where Betaspring used to be and 95 Chestnut Street is where Betaspring is now located. Mr. MacDonald stated that the three (3) that are marked as "open" are the three (3) that are not yet funded and that Accelereach is from the class of 2009. Mayor Taveras confirmed that Accelereach was from the class of 2009 and questioned what they are arguing since the IIP program was not approved until 2011. Mr. MacDonald stated that the mayor made a valid point and that this company submitted its application with the class of 2012. Mayor Taveras questioned if he was the only member of the board that was bothered by this. Mayor Taveras does not understand how someone that graduated in 2009 is now saying it is entitled to \$50,000.00 in funding when the IIP was not approved until 2011. Therefore, one applicant, Accelereach, graduated in 2009 and is seeking support now. Mr. MacDonald indicated that this company put its application in with the Fall 2012 class knowing that they were not part of that class. The other two (2) open applications are to Crunchbutton, whose application was incomplete and then the cap was approved by the board and Pennant, who was part of the Fall 2012 class but the application was completed after the cap was approved. Mr. MacDonald indicated that the three (3) non-Betaspring, Cherrystone or Slater open applications are not on this list (report).

Mr. Garrahy asked if he may, provide follow up regarding some conversation at the last meeting with respect to him and with respect to any commitment that may have been made. Mr. Garrahy added that he would give a dialogue of what occurred and that something occurred after the meeting that is relevant to this discussion as well. The question was whether or not there was a commitment to them before we made a decision. Mr. Garrahy can firmly say that there was no legal commitment made. The only commitment, if you can call it that, was that there was a press conference in March 2011 at which the mayor announced the \$1 million program. PEDP went over the cap by funding \$1.65 million for this program. After PEDP had its meeting, Betaspring made an announcement that they are starting a new class and any new classes would be eligible for \$50,000.00 if they completed the program. As a result, Mayor Taveras has since made an announcement that we committed \$1 million and we met our commitment and he made that known publicly. Mayor Taveras remembers the press conference, adding that PEDP went above our commitment and that he does not appreciate being told we are stopping a program when we fulfilled our commitment. Mayor Taveras does not know where they are getting that this is a continual commitment when we said it very clearly. Mayor Taveras read

the press release, in part, quoting “Mayor Angel Taveras has announced a new, \$1 million equity investment program”. The board has to make a decision whether we further fund this program. We have not suspended the program; we have fulfilled our commitment and went beyond it.

A discussion followed with regard to whether or not commitments were made to these companies and Janet Raymond questioned whether any correspondence was sent from our office to these companies indicating in any way shape or form that they were accepted into the program. Mr. MacDonald indicated in the negative. William DiStefano questioned how we went over the commitment. Mayor Taveras responded by saying that he thinks we went over because we were not monitoring the total amount of money that we were expending on the program. At one point, the increase in the program cap came to the board for ratification. At this point, the cap is at \$1.65 million. Mayor Taveras looks at these three (3) companies differently. One company he feels is absolutely not entitled to anything as it had no expectation of getting anything in 2009 and he is surprised that they even applied. The other two (2) companies did not have their applications complete; if they were, we would have gone to \$1.75 million. If the board has concerns, now is the time to voice those concerns.

Mark Feinstein stated that he has a different look at the first company and feels that even though it had already graduated, it did go through the program and therefore would have been eligible as it met our criteria, had we had the funds. Because this company graduated two (2) years earlier, that makes it more attractive to him. As far as funding these three (3), Mr. Feinstein knows that legally we do not have to fund these, but there seems to be a gap between what was said and what was heard by the leaders of Betaspring. It seems that we did not convey the cap strongly enough. Mayor Taveras responded by saying that he is going to disagree on both issues. Mayor Taveras thinks that we were taken a bit of advantage of here. They are smart people and do math well; shame on us because we did not monitor this closely. Mayor Taveras disagrees on the 2009 applicant also. The expectation is very different from someone going through the program than someone who did years earlier and is trying to take advantage of a situation.

Gerald Massa stated that it is simple. The question is how do we measure if the program is successful and once we measure it, is it something that we want to do again. It was noted that Betaspring gets paid to go through its program. Mr. Massa added that the PEDP funding was a nice opportunity, we provided Seed money, but it is not a bottomless pit. Mr. Massa questioned what the feeling is regarding our first round of funding or whether it is too early to determine that yet. Mayor Taveras responded that we need better answers.

Councilwoman Matos questioned if there are any others waiting for funding, to which it was replied that just the other three (3) companies [non-Betaspring] are waiting. Councilwoman Matos expressed that she was comfortable funding the two (2) Betaspring companies that came after 2011 and to not fund any others afterward. It was questioned whether the incomplete applications are complete now. Mr. MacDonald responded in the affirmative.

Mayor Taveras questioned whether there were any other comments and stated that he wanted to talk about a letter that Ms. Raymond just gave to him. There were no other comments. Mayor Taveras stated that he has a letter, that was not signed and not dated, that has Accelereach, Inc. in it and purports to congratulate the company for its acceptance to the program. The letter was for Mr. MacDonald’s signature. Mr. MacDonald stated that he does not remember the letter. Mr. MacDonald questioned PEDP staff member Gail McGowan, if it was a form letter that we send out. Ms. McGowan indicated that it is a letter that is given to the companies at closing. It was noted that this company has not yet had a closing. Ms. Raymond indicated that the letter was sent to her by

Accelereach. Mayor Taveras questioned whether we know how they got this letter. Mr. MacDonald indicated that he did not know because they did not close on the funding. Ms. McGowan indicated that if they requested to review the closing documents, this letter would go out with the closing documents for review. Mayor Taveras questioned whether Mr. MacDonald would sign this letter at closing, to which Mr. MacDonald responded in the affirmative. Mayor Taveras questioned whether the letter would be dated. Joseph Caffey questioned how Ms. Raymond received this correspondence to which Ms. Raymond indicated via e-mail. Ms. Raymond questioned whether closing documents were developed and then put on hold because we put the program on hold. Mr. MacDonald indicated that documents were prepared before the cap was voted on at the board meeting. Mayor Taveras stated that Councilwoman Matos suggested that two (2) of the companies be funded and questioned legal counsel as to whether we can take action on this matter now. Mr. Garrahy indicated in the affirmative since it is on today's agenda as an update and is an agenda item from the last meeting that is still open regarding the six (6) companies under consideration.

Mayor Taveras proposed that the board make a decision on the two (2) Betaspring companies from the 2012 class separately so that it is clearer that way, which are Crunchbutton and Pennant. It was questioned if we have the funds, to which it responded that we do, if the board raises the cap for the program. Mr. MacDonald indicated that funding these companies will reduce the RLF, but we do also have funds available under the 108 loan. Councilwoman Matos questioned if there are any RLF's pending as she would not want to take funding away from those applicants. Mr. DeCarvalho stated that he feels a little snowed that someone would take advantage of the money just continuing to come and that we went over our cap. He is also expressed concern regarding our overall fiscal responsibility to have 16.5 to 17.5 percent allocated to highly speculative investments. We went beyond our cap and we should not have allowed this, which is on us. Mr. DeCarvalho stated that his opinion is to fund these three (3) and then put a stop to the program. Mayor Taveras stated that he agrees with the two (2), but not the 2009 company. Mr. MacDonald added a point of clarification relative to the numbers. We are at ten percent (10%) with the IIP because only \$1 million was expended from the 108 funds and the rest was taken from the RLF funds and the entire portfolio is \$17 million. Councilwoman Matos questioned what the reason was for that. Mr. MacDonald responded that the 108 funds we have to borrow and are paid back. The use of the RLF funds was a better use of funds because we had the funds available and the program is shut down and we also have to give those funds back to HUD if we do not use them. Councilwoman Matos stated that the use of the other funds should have been a red flag because we had used the \$1 million of the 108 funds and therefore does not understand what took place.

Mark Feinstein stated that because we do not have the ability to properly monitor, he made a motion to not fund the non-Betaspring, non-Slater, non-Cherrystone and angel companies. Joseph Caffey seconded the motion to reject the non-program applicants. When questioned which companies these were, Mr. Feinstein indicated that they were LoveGov, Granny Squibb, and Spiro. Mayor Taveras stated that these companies are not on today's list. William DiStefano questioned whether these companies got everything in and whether they had the expectation that they would be funded. Mr. Feinstein responded in the affirmative. Mr. DiStefano stated that we are then choosing one over the other. Mr. Feinstein restated that we do not have the ability to adequately monitor. Mr. MacDonald added that two (2) of the companies have applied for RLF funding. Those opposed to this motion was Kas DeCarvalho. Mr. DeCarvalho added for the record that if we do not have the ability to monitor, we should have considered that when we created the program and does not like how it looks if we put out that we promised something and do not do it. Mr. Caffey responded that we promised \$1 million and we overfunded that by \$650,000.00, and asked when does it stop. Motion passed by vote.

Mayor Taveras asked for motions regarding the remaining companies. Councilwoman Sabina Matos made a motion to approve \$50,000.00 for the two (2) companies that submitted applications in 2012. Mayor Taveras added that those companies are Pennant and Crunchbutton. The motion was seconded by Kas DeCarvalho. Mr. MacDonald questioned if we have to talk about the cap. Daniel Baudouin stated that if we get paid back, we do not want to lend out those funds right away. Mr. DeCarvalho stated that it is not a permanent raise to the cap. Councilwoman Matos amended the motion to adjust the cap accordingly. Kas DeCarvalho seconded the motion to amend the motion. Mayor Taveras stated that he will treat it as a motion instead of as an amendment, which is fine. Those opposed to the motion were Joseph Caffey and William DiStefano. Motion passed by vote. Mayor Taveras stated for the record that those voting aye were Councilwoman Sabina Matos, Mark Feinstein, Janet Raymond, Kas DeCarvalho, Gerald Massa and Daniel Baudouin. The motion carries seven (7) to two (2).

A motion was made by Joseph Caffey and seconded by William DiStefano to deny the application of Accelereach, the 2009 applicant. Ms. Raymond questioned whether it was communicated that the denial is because it is a 2009 applicant/graduate. Mr. MacDonald responded in the affirmative stating that he has had several conversations with the company since the cap was approved. Those opposed to the motion are Mark Feinstein, Janet Raymond, and Kas DeCarvalho. Mayor Taveras stated that those voting aye to the motion were Councilwoman Sabina Matos, Gerald Massa, Daniel Baudouin, Joseph Caffey, William DiStefano, and the Chair. Motion carries six (6) to three (3).

Mayor Taveras questioned whether there was any further business. Mayor Taveras stated that Mr. Massa brought up an important point as to how do we measure if the program is successful and do we continue. The mayor still does not know that we have come to a consensus as a board. Mayor Taveras asked the Executive Director to present to us in the future a proposal of a standard of metrics for determining what is successful and this can be a guideline for us to discuss. The second part of this is what are the investments that we want to make in innovation and do we want to continue the program and if so, how. This is something that we need to discuss going forward. The third point for discussion is what Councilwoman Matos talked about, which is if the answer is yes to the above, what are the options of programs that are available that can serve as a vetting mechanism and a mentoring mechanism as well so that it is not just the Betaspring program since all but two (2) of our investments are Betaspring.

Mr. Caffey questioned whether the current enrollees are under the impression that they are eligible for funding. Mayor Taveras responded that he thinks that they entered the program before we made it clear. As of today, they know that we fulfilled our commitment and the board is not proceeding any further. Mayor Taveras is speculating that Betaspring is promoting the program. Mr. Bennett stated that Betaspring was notified in writing after the last meeting and was notified verbally the month before. Mr. Bennett added that if we move forward, we can investigate funding with the state so that we mitigate risk. Mayor Taveras requested that Mr. Bennett investigate and report back to the board. Mayor Taveras noted that with the vote today, we have invested in thirty-five (35) companies – two (2) have converted, three (3) have wound down (ceased operating). We have invested \$1.8 million. If we have success with one (1) company, we can get our money back. Mayor Taveras hopes that many will be successful.

Mr. Caffey questioned whether Mr. Bennett will evaluate the companies to inform the board if they have been successful and what their chances of success are. Mr. Bennett indicated that we can bring all the companies in for 30-second pitches if that is what the board wants. Mayor Taveras added that Sproutel was featured in the Providence Journal about going to a conference in Texas regarding the

work that they are doing.

Mayor Taveras stated that what is missing on the IIP report is the number of employees. Mayor Taveras would like to see how many and for it also to be pointed out how many of those employees are founders/partners. Mr. MacDonald stated that employees would be one of the measurable on success. Mr. Baudouin added that he would like to see capital also added to the report.

Mr. Feinstein stated that in evaluating the program, we need to remember that the goal is to get companies here and to put down roots in Providence. We have exceeded beyond our expectations. We never thought that that high of a percentage would agree to stay here. He hopes that the message is going to be that we are not abandoning that goal. We want to continue to encourage the Betaspring graduates to stay here. He does not know what other tools we have in the toolbox.

Mayor Taveras asked for confirmation to make sure that the companies are in fact located in Providence. While Mayor Taveras understands the 95 Chestnut Street address, he just wants to know that they are located here.

Councilwoman Matos questioned whether anytime there are changes to the program such as to the sources of funding, as was the case after the \$1 million program funding approval, will the board be notified in writing? Mayor Taveras responded by saying that not so much in writing, and by that he means that in writing is fine but notified at a meeting and that the minutes will reflect that and are the writing of it so to speak. Mr. MacDonald added that the recent changes to the by-laws require that everything we do now needs board approval.

Upon a motion made by _____ (not read into record) and seconded by _____ (not read into record), the meeting was adjourned at 2:13 PM.