

PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.

WEDNESDAY, MAY 21, 2014

DRAFT BOARD OF DIRECTORS 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 May 21, 2014. The meeting was called to order at 12:14 PM, with Mayor Angel Taveras, presiding. A roll call of the members was conducted.

MEMBERS IN ATTENDANCE

Members in attendance included Mayor Angel Taveras, John Bentz, Allyson Cote, Mark Feinstein, Gary Glassman, Councilwoman Sabina Matos and William Tracey.

MEMBERS ABSENT

Members not in attendance were Joseph Caffey, Daniel Baudouin, Adriana Dawson, Kas DeCarvalho, Juana Horton, Gerald Massa.

STAFF MEMBERS IN ATTENDANCE

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

OTHERS IN ATTENDANCE

Others in attendance included Gonzalo Cuervo, Chief of Staff, City of Providence and Representative for Mayor Angel Taveras (PEDP), John J. Garrahy, Esq., Moses Afonso Ryan, PEDP legal counsel; Thomas Hoagland, PEDP consultant.

MEETING MINUTES

The minutes of the April 23, 2014 PEDP Board of Directors meeting were submitted for review and approval. Councilwoman Matos stated that she had an amendment to the minutes, which was to remove the word 'Deputy' from Gonzalo Cuervo's title in the minutes and update his title to Chief of Staff from Deputy Chief of Staff. Upon a motion made by Councilwoman Matos and seconded by John Bentz, it was voted to approve the minutes of the April 23, 2014 Board of Directors meeting with the above amendment. Motion passed by unanimous vote.

REPORT OF THE CHAIRMAN

Mayor Taveras stated that Jim Bennett will be distributing some information about Providence being called the country's best small city and will leave the *Architectural Digest* article to Mr. Bennett. Mayor Taveras provided the board with some updates on what is going on in the city. An agreement has been reached with the developer of Dynamo House. The project is being called the South Street Landing. The agreement requires that the tenants pay the taxes to the city. The agreement has been submitted to the city council for its review and approval. There are additional steps in the approval process, such as the approval of the lease by the general assembly. Mayor Taveras thinks that this is a good project for the city and will be transformative in that area. Brown medical school will be located there but also the nursing school will be located there. This will save one of the most beautiful, historic structures we have in the city. It is a \$200 million development project. The city's component of the development is in the form of a tax stabilization. Right now, the city collects \$100,000 plus in tax revenue from the property. We will be doing much better than that going forward and there will also be economic activity as a result.

The City Plan Commission approved yesterday the LA Fitness locating where Sears Robuck used to be. They estimate 1,700 visits per day, which will make North Main Street busier. This building has been an eyesore for a long time.

The CJ Fox building is being developed by the Omni Group, who continues to push that project forward. Most interesting is that this is a private development. They are doing it very well and they have done a lot in the area.

Mayor Taveras hopes to have more developments about substantial projects in the city. He thinks they will be a huge plus and will have more to say about that soon.

The unemployment rate in the city, according to the Department of Labor and Training (DLT), is at the lowest it has been since 2008. In January 2011, the unemployment rate was at 13.6%. In April 2014, it dropped to 9.5%, which is a four percent (4%) drop. As another example, from January 2011 to April 2014, 2000 new jobs were created, according to DLT. Hopefully this trend will keep going. If projects go forward, that will help us to get a lot of people back to work. In addition, so will the First Source Ordinance, which we will enforce to get Providence residents back to work. We want to accelerate it as much as we can.

A new campaign has started, which is an initiative by the Downtown Improvement District (DID) and the Providence Foundation called Bring Your Company to Life. The website is www.bringyourcompanytolive.com. It is trying to attract companies to downtown Providence. They are working on keeping a list of office space and keeping the freeze on the commercial tax rates, which we have done. The commercial tax rate was the highest when he took office and now we are number four (#4). We are moving in the right direction. There is a quote in today's paper from a gentleman in New York, who expresses concern regarding the city's tax structure, which we have to work on and be competitive on. The other thing this group is working on is fast tracking the permitting process. All three (3) points are part of his economic development plan. We are moving in the right direction and we have to accelerate that and keep going.

The question was raised as to the owner of the LA Fitness. Mayor Taveras responded that it is the Procaccianti Group and Steve Lewinstein, but that he does not know the correct name of the company. It was also noted by a director who pulls a lot of permits that the process has gotten a lot better – both in time and in bed-side manner, which is more friendly. A second director echoed that comment. Mayor Taveras responded that was really good to hear.

REPORT OF THE EXECUTIVE DIRECTOR

Jim Bennett distributed the articles from *Architectural Digest* and Southwest Airlines' magazine. Mr. Bennett stated that LA Fitness an example of the planning department working with developers. LA Fitness is the #1 requested tenant right now. In working with the planning department, the developer increased the greenscape fifty percent (50%), they changed the look of the building and also put a white roof on it. The developers have been very accommodating. Summit is a tough neighborhood. Mr. Bennett thanked Mayor Taveras and Gonzalo Cuervo for their help on the five (5) to zero (0) approval last night. It is important to the incubation of that whole area.

There is great staff in planning department and in the building. The GE complex is in the process of being torn down right now. Some buildings should stay and some just cannot stay because they are a threat to safety. This building is on seven (7) acres of beautiful real estate. It was caving in and polluting the river. GE has been great to work with and will work with the city to see what goes there next. We are looking to do charrettes with the various interest groups on its future use. Also, if you go to our website, internally we generated a piece on Providence that is amazing, and it was done on a miniscule budget.

Mr. Bennett is ex-officio on the 195 Commission. The mayor spoke about the South Street Station

transformation. The project should be through the city process by June 19th. The lease requires approval by the legislature. The Brown lease will be in place by the end of the year. His belief is that if the project gets underway, the property values will skyrocket in the surrounding area. There are close to a half a million dollars in proposals for the area.

Mayor Taveras asked that the directors take a look at the *Architectural Digest* article, which he thinks is helpful. Too often the attention that we get is negative. We have an outstanding capital city and it is not just its mayor that thinks so; others do as well. In the last couple of years, we have focused on some landmarks: Dynamo House, Sears, The Arcade, ProvidenceG, and the Biltmore. All of them have come back to life since he became mayor. In the next couple of weeks, he will hopefully be announcing another landmark as well. That is the progress that we are making. Mayor Taveras appreciates everyone here and the work we have doing.

NEW BUSINESS

Mayor Taveras stated that the first agenda item is the request relative to Broad Street Revitalization, LP (Community Works RI f/k/a Elmwood Foundation), which is the re-presentation of the loan restructure request tabled at the April 2, 2014 and April 23, 2014 meetings. Attorney Garrahy stated that both of the first two (2) agenda items of New Business, Broad Street Revitalization and Tobey Waste, are appropriate to be discussed in executive session. Mayor Taveras also stated that both are appropriate for discussion in executive session and unless there was any objection to doing so, he would like to hear those matters in executive session since they are both regarding settlements or restructures. There were no objections.

The next agenda item entertained by the Board of Directors was Social Enterprise Greenhouse and the presentation of a loan initiative for consideration. Stuart MacDonald presented the request. Mr. MacDonald stated that what we are proposing for approval is we are looking to start an initiative with Social Enterprise Greenhouse. We are not looking for a specific dollar carve-out. Mayor Taveras stated that we do not need to approve this matter. It seems to him that customers can always come to us and make applications. It was questioned if we are going to be working with Social Enterprise Greenhouse, whether they are going to be doing the vetting of the Borrowers. Mr. MacDonald responded in the affirmative. Mayor Taveras stated that we are going to do the vetting ourselves also. Mr. MacDonald confirmed that we are not going to just rely on their vetting. We will not make it perilous to the customer; we will use the information that they have. Allyson Cote stated she has a suggestion. She knows Kelly pretty well and this presents an interesting opportunity. We are always trying to work with the angel investor base. Social Enterprise Greenhouse represents a different type of investor – the social impact investors – and it might be worth taking a look at working with them and try to gather information to highlight the great social impactors who are here in the area and might be interested in investing. Mark Feinstein added that Social Enterprise Greenhouse has its own loan fund and the thought was that we would partner with them on certain loans. Mr. MacDonald stated that he did not want to limit it to that. Mr. Feinstein responded not limited to that, but that would be the sweet spot. They would leverage what little funds they have with our funds. This is not that much different for us, but would be a different message.

Mayor Taveras stated that the next item on the agenda was Other Business and Public Comment. Mayor Taveras questioned whether there were any members of the public that wished to make a public comment; there were none.

Mayor Taveras stated that we would now proceed to agenda item #7, Executive Session, and asked for a motion to enter into Executive Session. Attorney Garrahy stated that both matters to be discussed in executive session come under agenda item #7.b., and are pursuant to R.I.G.L. 42-46-5(a)(2), which is

necessary to discuss potential litigation. A motion was made by John Bentz and seconded by Mark Feinstein. A roll call vote was taken. Motion passed by unanimous vote. Executive Session was entered into at 12.40 P.M. and the board members left the meeting, along with Jim Bennett, Stuart MacDonald, and Thomas Hoagland, PEDP contract underwriter. Staff remained.

Mayor Taveras left the meeting at 1:05 P.M.

At 1:22 P.M., the board members and above listed staff returned to the meeting, and Gonzalo Cuervo stated that the board was back from executive session.

Gonzalo Cuervo stated that the board was reconvening in public session. Mr. Cuervo was presiding in Mayor Taveras' absence.

A motion was made by William Tracey and seconded by Gary Glassman to seal the minutes of Executive Session. Motion passed unanimously.

Mr. Cuervo requested a motion to vote on the matters discussed in Executive Session. Attorney Garrahy stated that the motions would be on the votes taken in Executive Session. The motion with respect to Broad Street Revitalization was for the approval of monthly payments in the amount of \$2,276.43, for a period of one (1) year, with a review in one (1) year from today. Upon a motion made by John Bentz and seconded by Mark Feinstein, it was voted to approve the above outlined loan restructure. Motion passed by unanimous vote.

A motion was made with respect to Tobey Waste by John Bentz and seconded by Gary Glassman to present to the Borrower an offer of a pari passu and reconvene at the next meeting of the board of directors. Attorney Garrahy added to be clear, with respect to that motion, because it is important, the motion that was made was to settle the loan and release all loan obligations with them, for a settlement figure of \$225,000.00, which is the number it would be if it was pari passu with the Rhode Island Small Business Loan Fund Corporation (SBLFC), and if this proposal is not acceptable to the Borrower, the matter will come back before the board for re-consideration. Motion passed by unanimous vote.

Upon a motion made by Mark Feinstein and seconded John Bentz, the meeting adjourned at 1:24 PM.