

PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.

WEDNESDAY, JULY 1, 2014

DRAFT BOARD OF DIRECTORS SPECIAL MEETING MINUTES

A special 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 July 1, 2014. Mayor Taveras welcomed the newest director of the board, Jim Salome, and thanked him for his willingness to serve and help the PEDP Board of Directors. The meeting was called to order at 12:19 PM, with Mayor Angel Taveras, presiding. A roll call of the members and legal counsel was conducted. Mayor Taveras noted that Gonzalo Cuervo, Chief of Staff and Stuart MacDonald were also present.

MEMBERS IN ATTENDANCE

Members in attendance included Mayor Angel Taveras, Joseph Caffey, John Bentz, Allyson Cote, Kas DeCarvalho, Mark Feinstein, Councilwoman Sabina Matos, James Salome and William Tracey.

MEMBERS ABSENT

Members not in attendance were Daniel Baudouin, Adriana Dawson, Gary Glassman, Juana Horton, and 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 and Arthur Speaks.

OTHERS IN ATTENDANCE

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

MEETING MINUTES

The minutes of the May 21, 2014 PEDP Board of Directors meeting were submitted for review and approval. Upon a motion made by Joseph Caffey and seconded by John Bentz, it was voted to approve the minutes of the May 21, 2014 Board of Directors meeting without any amendments. Motion passed by unanimous vote.

REPORT OF THE CHAIRMAN

Mayor Taveras stated that Jim Bennett distributed an article that was in *Providence Business News* yesterday. There is also a piece that Mark Murphy did with Frank Coletta. The article is regarding development downtown in the blocks surrounding LaSalle Square, such as the Hasbro building, the Dean Hotel, and the Regency Plaza that has recently proposed adding an additional building to the complex. The blocks were called a power block. We will also be changing and narrowing Fountain Street as part of the federal circulator project. If the board recalls, most of the buildings in this area have been empty. There have been a lot of changes and hopefully a lot more coming as well. Mayor Taveras is excited about the Regency project and the possibility of it adding apartments to downtown and doing so privately.

The South Street Power Station project was approved by the legislature and by the Providence City Council, who approved a tax stabilization as well for the nursing school, apartment building and garage. It is a \$2 million project, the largest he believes since the mall. The construction should begin soon. There have been some discussions with private developers going on as well. There is a lot of interest in the city going on. He will have some better news to give in the near future. Things are moving pretty well.

Mayor Taveras asked Jim Salome to introduce himself and give the board his background. Mr. Salome provided the board with a brief professional background.

REPORT OF THE EXECUTIVE DIRECTOR

Jim Bennett stated that his report would be brief. He just wanted to add to the projects that the Mayor mentioned in his report, which are: the Kinsley Building; The Foundry; the Capital Cove final stages; the Train Station, which will be upgraded; and the Garrahy Complex \$5 million parking garage. The development that is taking place is not just downtown, it is on the Olneyville side as well.

NEW BUSINESS

Mayor Taveras stated that the first agenda item is the matter relative to Tobey Waste & Recycling (Fusion Steel, LLC), which is the re-presentation of the settlement proposal. Approval of a counter-proposal was granted at the May 21, 2014 meeting. Mayor Taveras deferred to attorney Garrahy to present this matter. Attorney Garrahy stated that the board considered this matter in executive session last time and that he did not think that it was necessary to do so this time. The SBLFC approved a \$150,000.00 settlement for its loan to Tobey Waste. If the board recalls, we had a \$300,000.00 settlement in front of us. The Borrower offered us \$150,000.00. We agreed to settle for \$225,000.00. The SBLFC wrote-off its loan, but has agreed to decrease its settlement to \$120,000.00. We would receive \$180,000.00, which differs from the \$225,000.00 that we approved. Attorney Garrahy and Mayor Taveras asked if the board had any questions and there were none. A motion was made by Kas DeCarvalho to approve the settlement presented. Attorney Garrahy stated that to be clear with respect to the motion, the motion is to approve the settlement presented on a pari passu basis with SBLFC. Pari Passu is in proportion with what the loan amounts were. The PEDP loan amount is \$342,000.00 and SBLFC loan amount was \$258,000.00. The settlement will be pari passu with respect to those ratios. The full settlement is still \$300,000.00. It was questioned whether this has any ramifications with HUD. Stuart MacDonald stated that he has already spoken to HUD about it. They are aware of it and it is our decision. It was also questioned whether we can get something in writing from HUD and amend the motion. Kas DeCarvalho accepted the amendment to his motion to approve the settlement presented subject to written approval from HUD and/or authorization from HUD, if required by HUD. The motion was seconded by William Tracey. There was no further discussion. Motion passed by unanimous vote.

LOAN COMMITTEE RECOMMENDATIONS

The next agenda item entertained by the Board of Directors was the presentation of the recommendations from the Loan Committee from its June 2014 meeting. The first recommendation for approval was the request of M.H. Stallman Company for subordination. Attorney Garrahy stated that this matter has been withdrawn due to the Borrower having a different lender and the matter will come back at the next meeting.

Mayor Taveras stated that there were no recommendations for denial. There were some matters withdrawn from the agenda and/or no action taken by the committee. No action by the board is required on those matters.

Mayor Taveras questioned whether any member of the public wanted to make a public comment; there were none.

Mayor Taveras stated that we would now enter into Executive Session to consider the loan committee recommendation for the loan to IP.21 Studio, LLC to be called due to a covenant default. Executive Session would be entered into under agenda item #8.b., pursuant to R.I.G.L. 42-46-5(a)(2) to discuss potential litigation. Mayor Taveras asked for a motion to enter into Executive Session. 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 12.34 P.M.

At 12:46 P.M., the board reconvened in public session, with Mayor Taveras presiding. The motion was made by Jack Bentz and seconded by Jim Salome to go out of executive session and to seal the minutes of Executive Session. Motion passed by unanimous vote.

Mayor Taveras requested a motion to confirm the vote that was taken in Executive Session to send a notice to inform the Borrower of a default and to await a response pursuant to the HUD regulations. The motion was made by Mark Feinstein and seconded by Councilwoman Matos. Motion passed by unanimous vote. The reason for entering into Executive Session for this discussion was questioned. Attorney Garrahy responded to discuss potential litigation and because we would possibly sue the Borrower for a default if they could not pay the loan.

Upon a motion made by Councilwoman Sabina Matos and seconded by Mark Feinstein and William Tracey, the meeting adjourned at 12:47 PM.