

PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
WEDNESDAY, FEBRUARY 4, 2015
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 Westminister Street, 1st Floor, Providence, Rhode Island, on February 4, 2015. The meeting was called to order at 12:45 PM, with Brett Smiley, designee Mayor Elorza and PEDP Chairman, presiding. A roll call of the members and PEDP legal counsel was conducted. It was noted by legal counsel that a quorum was present.

MEMBERS IN ATTENDANCE

Members in attendance included Brett Smiley, Chief Operating Officer, City of Providence, and designee of Mayor Jorge Elorza and PEDP Chairman, Juana Horton, Allyson Cote, Adriana Dawson Mark Feinstein, Councilwoman Sabina Matos and William Tracey.

MEMBERS ABSENT

Members not in attendance were Joseph Caffey, Kas DeCarvalho, Daniel Baudouin, John Bentz, and Gary Glassman.

STAFF MEMBERS IN ATTENDANCE

Staff members in attendance included: James S. Bennett, Director of Economic Development, City of Providence and Executive Director, PEDP; Kathy Cosentino; Gail McGowan and Arthur Speaks.

OTHERS IN ATTENDANCE

Others in attendance included John J. Garrahy, Esq., Moses Afonso Ryan, PEDP legal counsel; Stuart MacDonald, consultant, City of Providence Department of Planning and Development; Thomas Hoagland, PEDP contract underwriter; Donald Gralnek, Executive Director, Providence Redevelopment Agency; Dan McGowan, WPRI; and Frank Shea and Jay O'Grady, Olneyville Housing Corporation.

Prior to the meeting being called to order, PEDP legal counsel stated that he first wanted to make an announcement. Brett Smiley, the Chief Operating Officer (COO) for the City of Providence has been appointed by the mayor as his designee to this board and pursuant to the by-laws, its chairman. With that said, Brett is going to convene the meeting as chairman going forward.

Brett Smiley called the meeting to order and asked that roll call be taken. Kathy Cosentino conducted the roll call of the members and PEDP legal counsel. Attorney Garrahy noted that a quorum was present.

MEETING MINUTES

The minutes of the November 19, 2014 PEDP Board of Directors meeting were submitted for review and approval. Upon a motion made by Mark Feinstein and seconded by Councilwoman Sabina Matos, it was voted to approve the minutes of the November 19, 2014 Board of Directors meeting without any amendments. Motion passed by unanimous vote.

REPORT OF THE CHAIRMAN

Mr. Smiley stated that he would keep the report brief since we are a little behind schedule. Mr. Smiley began by stating that Mayor Elorza is excited to sit down and work with each of the members to set a new direction for this board. We are grateful for the time and talent that you have all put in to date and recognize that there is probably untapped talent in this board in the form of a desire to give more broad-based advice on economic policy and direction. We see this as a key and critical tool to the city's future and recognize that you are all volunteering your time to provide that advice and guidance to us. So we look forward to working with you to move this board forward. We are really thrilled with the work that the former administration did to reform practices and procedures, but Mr. Smiley

thinks the next step is really to rely on the advice and guidance and judgment of each of your business and other experience to help give policy direction to the city. As his designee in his absence, Mr. Smiley is happy to serve in that function, but really we are all excited to work with the new mayor and new council with great leadership to move our city into an exciting new chapter where he thinks that a lot of great things are going to be happening.

There are a couple of pieces of business today, but there will be an opportunity in the next month or two to sit down as a group and have some time with the mayor to talk about ways to improve the function of this board and add to its ranks in terms of skills diversity in order to make this a more robust economic development policy-setting board. We are excited for the opportunity. That is the message that Mr. Smiley would like to convey on behalf of the Mayor and appreciates the opportunity to serve alongside you.

REPORT OF THE EXECUTIVE DIRECTOR

Jim Bennett stated that he would like to echo Mr. Smiley's comments and welcome the board. Certainly his background will lead us to greater heights. Mr. Bennett would like to thank each and every one of the board members for their participation the last few years. We made some good loans and met some very interesting people. Mr. Bennett looks forward to the next chapter and is looking forward to continued dedication to the new chairman. Mr. Bennett concluded by thanking the board.

NEW BUSINESS

The first item under New Business/Existing Loan Requests was the proposal by the Providence Redevelopment Agency (PRA) to the PEDP Board relative to the PEDP Historic Tax Credit (HTC) loan to Heritage Harbor Corporation (HHC) to accept payment of \$100,000.00 in total from PRA and CV South Street Landing LLC in full satisfaction of the PEDP loan to HHC in the amount of \$313,000.00 dated March 3, 2009 and to execute all such documents as may be requested by PRA to PEDP staff to evidence such settlement of the HHC PEDP loan documents; such documents to be in form satisfactory to PEDP counsel. Mr. Smiley introduced the agenda item and Donald Gralnek, Executive Director of PRA presented the proposal to the board. Mr. Gralnek introduced himself to the board and stated that the agency has been in support of this project. By way of background, the project is the re-use of the Dynamo House. Half of the building will be utilized for Brown University administration and half will be a joint venture between URI and RIC for a nursing education center that will be the most advanced training center in the country. It is the perfect re-use of this historic structure. The project will provide additional housing in the area.

The proposal is for the payoff of the HHC Note to PEDP in the amount of \$313,000.00 dated in 2009. The loan was used by the museum for a down-payment to the state to preserve the historic tax credit. The project never got off the ground. There are no federal funds involved with this loan as the city has since repaid the loan back to the federal government/HUD. PEDP, in his estimation, has no downside to this. If the project goes forward, PEDP gets \$100,000.00 it will never have, in his estimation. If the project does not go forward, PEDP does not receive anything and it keeps its Note and all its legal remedies. The project developer is paying the same thing that the agency is paying. PRA has determined that this is the singular most important project in the city. Mr. Smiley asked if there were any questions. There being none, Mr. Smiley stated that he would entertain a motion. A motion was made by William Tracey and seconded by Councilwoman Sabina Matos to approve the proposal presented. Attorney Garrahy stated that since this matter is complicated, he has drafted a motion for approval that is on the terms presented by Donald Gralnek. The drafted motion was then read into the record by William Tracey. The motion read as follows: that upon satisfaction of the following conditions, PEDP shall cancel, terminate and release any interest that PEDP has in and to (i) that

certain promissory note from Heritage Harbor Corporation to PEDP dated March 3, 2009 in the original principal amount of \$313,000 (the "Note") and (ii) security interests, assignments and financing statements securing the Note (the "Collateral"). The conditions to the cancellation, termination and release of the Note and the Collateral shall be the following: a) CV South Street Landing, LLC ("CV") shall have completed its purchase of the property located at 350 Eddy Street in Providence, Rhode Island (the "Property"); and b) PEDP shall have received One Hundred Thousand and 00/100 Dollars (\$100,000.00) from CV and/or the Providence Redevelopment Agency in settlement of the Note. Upon the satisfaction of the foregoing conditions, PEDP staff is hereby authorized to mark the Note and Collateral "cancelled" and to take such other action that is necessary to carry out this Resolution. Councilwoman Matos seconded the amended motion. It was questioned whether the PEDP loan is secured by any collateral. Attorney Garrahy responded in the affirmative that it is secured by the assets of the museum and by the tax credits. Motion passed by unanimous vote. Kathy Cosentino requested that a separate motion be made for the removal of the late fee that assessed on the loan account. Upon a motion made by William Tracey and seconded by Juana Horton, it was voted to approve the removal of the late fee that assessed on the HHC loan account. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors were the requests of Olneyville Housing Corporation (OHC) in connection with its Historic Tax Credit (HTC) and Revolving Loan Fund (RLF) loans for the extension of the maturity dates for both loans for the Paragon Mills Project. Mr. Smiley introduced the agenda item and requested that Mr. MacDonald present the request. Mr. MacDonald reviewed the loan amounts of both loans. We do not have to extend the maturity of the RLF loan as it was already extended to January 1, 2016. The goal is to make both loans coterminous to June 30, 2016, which Mr. MacDonald later correct to July 1, 2016. The tax credit loan matured some time ago. It is a valid project and is going forward. The whole thing is tied together – the project and the historic tax credits – and is on-going. Frank Shea and Jay O'Grady of OHC were present at the meeting during the presentation of the request. Upon a motion made by Juana Horton and seconded by Councilwoman Sabina Matos, it was voted to approve the requests of Olneyville Housing Corporation for the extension of the maturity dates of both loans relative to the Paragon Mills Project to July 1, 2016 as requested, on the terms and conditions recommended by staff. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of Jamel MEP, LLC d/b/a Ramaraya Cafeteria for a re-allocation of a portion of the loan funds from exterior construction to additional working capital. Mr. Smiley introduced the agenda item and Thomas Hoagland presented the request. Mr. Hoagland stated that the loan was approved by the board in January and was re-submitted to the Loan Committee to transfer funds from exterior improvements to additional working capital. Manny [principal] has proceeded with his own funds and does not need the loan funds for that purpose. The project is on-going. It was noted by staff to legal counsel who noted to the board that this matter was discussed with the loan committee but is before the board without a recommendation as it was not posted on the committee's agenda. Attorney Garrahy also noted that the motion would be to approve the request consistent with the terms and conditions recommended by staff. Upon a motion made by Juana Horton and seconded by William Tracey, it was voted to approve the request of Jamel MEP, LLC d/b/a Ramaraya Cafeteria for the re-allocation of the loan funds for exterior construction to additional working capital. It was questioned if an item is on the agenda of the Loan Committee whether it still comes here. Attorney Garrahy responded in the affirmative, but that it would be a recommendation from the committee. It was noted that it does not make sense to go to both. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request relative to the loan to Broad Street Revitalization LP/Community Works RI f/k/a Elmwood Foundation for a waiver of the late fees in the amount of \$569.10, which are now equal to \$597.56. Mr. Smiley introduced the agenda item and Mr. MacDonald presented the matter. Mr. MacDonald stated that the request is due to an administrative error. The Borrower asked for a change in the mailing address and we did not get the mail there and the loan incurred late fees. Upon a motion made by Mark Feinstein and seconded by Allyson Cote, it was voted to approve the request of Broad Street Revitalization LP/Community Works RI for the waiver of the late fees that have incurred. 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 January 2015 meeting. The recommendations for approval were first presented. The only recommendation for approval from the Loan Committee was the loan request of Walco Electric Company, Ellis S. Waldman, 303 Allens Avenue, Providence, Rhode Island, 02905, in the amount of \$350,000.00. The loan request was recommended for approval by the Loan Committee subject to the amended amortization schedule requested by staff of a modified loan term of five (5) years with a twenty (20) year amortization. The approval recommendation is subject to the submission of year-end financials for 2014. Mr. Smiley introduced the agenda item and Mr. Hoagland presented the loan request. A brief overview of the company, the loan request and loan collateral was provided. Mr. Hoagland stated that we made it a requirement that we see year-end financials before we disburse the loan funds. Mr. MacDonald added that the loan was presented to HUD and it was approved.

It was questioned if the Borrower was turned down by three (3) banks. Mr. Hoagland responded in the negative, that he is at the limit of his line of credit. It was further questioned if we did not ask the applicant to seek bank financing. Mr. Hoagland responded in the negative. It was also questioned if we have seen the principal's personal financial statement. Mr. Hoagland responded in the affirmative and that he has it. It was questioned if the principal can cover the debt. Mr. Hoagland responded that most of his worth is in his company. It was expressed by the board that it thought that this was a good loan. There are eighty (80) to ninety (90) people working there. It is a manufacturing company that ran into trouble and it hopefully will work out. It was questioned if the business is saving jobs and not creating any new jobs. Mr. Hoagland responded in the negative and that the business is adding new jobs. Upon a motion made by Mark Feinstein and seconded by William Tracey, it was voted to approve the recommendation of staff and the Loan Committee to approve the loan request of Walco Electric Company in the amount of \$350,000.00. Motion passed by unanimous vote.

The next agenda item entertained by the Board was the review of Recommendations for Denial. There were none.

The next agenda item entertained by the Board of Directors was the review of Loan Committee agenda items that were withdrawn and/or no action was taken. The loan request of VP Fitness, LLC was tabled at staff's recommendation until staff receives additional information. No action was taken relative to the loan to Deville's, Inc. formerly d/b/a Wicked Bean and the consideration of PEDP making a lien payment of the condominium association fees and adding the disbursement to the Borrower's loan. No action was taken with respect to the scheduled foreclosure sale of the condominium and in addition, it was also the committee's recommendation to not advance any additional loan funds. Attorney Garrahy noted that this matter will not come back before the board.

The next agenda item entertained by the Board of Directors was Other Business/Public Comment. Mr. Smiley asked Ms. Cosentino to speak about the PEDP Board of Directors annual meeting calendar for

2015. Ms. Cosentino indicated that copies of the annual calendar of meeting for the board for 2015 were included in today's meeting packages on Page 14. The schedule is the annual calendar of meeting dates for the regular meetings of the board. Ms. Cosentino noted that those dates are subject to verification of a quorum or rescheduling. It was questioned if the board will still meet in February given today's meeting. Ms. Cosentino responded that the February meetings were currently still going to be convened. There was no public comment.

The next agenda item entertained by the Board of Directors was Executive Session. There were no matters for discussion in Executive Session.

Upon a motion made by Councilwoman Sabina Matos and seconded by Mark Feinstein, the meeting adjourned at 1:14 PM.

Approved: February 18, 2015