

PROVIDENCE ECONOMIC DEVELOPMENT PARTNERSHIP, INC.
WEDNESDAY, MAY 20, 2015
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 20, 2015. The meeting was called to order at 12:37 PM, with Kas DeCarvalho, Esq., Treasurer, presiding. A roll call of the members and legal counsel was conducted. A quorum was present.

MEMBERS IN ATTENDANCE

Members in attendance included Kas DeCarvalho, Esq., Daniel Baudouin, John (Jack) Bentz, Allyson Cote, Mark Feinstein, Shomari Husband, Councilwoman Sabina Matos and William Tracey.

MEMBERS ABSENT

Members not in attendance were Brett Smiley, Chief Operating Officer, City of Providence, and designee of Mayor Jorge Elorza and PEDP Chairman, Joseph Caffey, Adriana Dawson, Sussy DeLeon, Stephen DelSesto, Gary Glassman, and Juana Horton.

STAFF MEMBERS IN ATTENDANCE

Staff members in attendance included: 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; and Thomas Hoagland, PEDP Acting Assistant Director and contract underwriter.

MEETING MINUTES

The minutes of the April 22, 2015 PEDP Board of Directors meeting were submitted for review and approval. A motion was made by John Bentz and seconded by Mark Feinstein to approve the minutes of the April 22, 2015 Board of Directors meeting. Motion passed by unanimous vote, without any amendments.

REPORT OF THE CHAIRMAN

There was no Report of the Chairman in Brett Smiley's absence.

REPORT OF THE EXECUTIVE DIRECTOR

There was no Report of the Executive Director due to the selection of the new executive director having not yet been made.

NEW BUSINESS

Kas DeCarvalho introduced New Business as the next matter of business and PEDP legal counsel presented the matters. The first agenda item of new business entertained by the Board of Directors was the PEDP revised Policy and Administrative Guidelines for which the proposed changes were presented for consideration for approval. Attorney Garrahy stated that this matter was reviewed at the last meeting but were not on the last agenda for approval, so we did not take an action. There are two (2) documents for consideration by the board. In the revised Administrative Guidelines, authorization will be granted to the PEDP Executive Director and Chair, based upon the discussion that we had at the last meeting, to make certain modifications to the terms of loans that have been already approved. The reason for the change is that if there are minor changes, the Borrower does not need to wait a month until the next meeting. Approval would be required of the Executive Director or Assistant Director or Acting Director if the Executive Director is not available and of the Chair. It was questioned whether the board ever decided what would constitute a minor or major modification. Attorney Garrahy responded that authorization would be granted to approve, upon the recommendation

of staff, modifications to the terms of loans which have been previously approved by the Board, provided such modifications do not fundamentally alter the terms of the loan, the maturity date, loan underwriting, or significantly change the loan to value ratio of the loan or change the collateral position of PEDP. It was then suggested that the board table this matter until the Chair and a fuller body of the board is present since a minimal number of a quorum is currently present. Upon a motion made by Mark Feinstein and seconded by John Bentz, it was voted to table the consideration of the revised Administrative Guidelines until the Chair and a fuller body of the Board of Directors is present. Motion passed by unanimous vote. Thomas Hoagland requested that any comments and changes be forwarded ahead of the next meeting. Additional questions were raised regarding whether the final language of the guidelines would be that approvals would be granted by “either” the PEDP Executive Director “or” Chair or if two (2) people are needed and whether the revisions are in compliance with our HUD regulations. Mr. Hoagland responded that the guidelines will read “and” meaning requiring approval by both the PEDP Executive Director and Chair (2 people) and responded in the affirmative regarding compliance with the HUD regulations.

The second document for consideration is the proposed revisions to the Policy Guidelines. Attorney Garrahy stated that Mr. Hoagland would present these changes. Mr. Hoagland stated that the guidelines are similar to previous policy but provide a little more flexibility, such as whether we require an appraisal and two (2) bids. We will still have the ability to ask for two (2) bids, but the guidelines will not require us to demand two (2) bids of the Borrower. Mr. Hoagland noted that all of the revisions are in compliance with the HUD regulations and that HUD has seen the revised guidelines. It was questioned if the language will read “shall” or “may” to which Mr. Hoagland stated that the language reads “may”. Upon a motion made by John Bentz and seconded by William Tracey, it was voted to approve the proposed changes to the Policy Guidelines as presented in the revised guidelines. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of Pisaturo Real Estate, LLC d/b/a Irving relative to its two (2) PEDP loans for 1) reduced loan payments and 2) the waiver of late fees on both loans. Attorney Garrahy stated that Mr. Hoagland would present this agenda item. Mr. Hoagland provided a brief background on the two (2) loans to this Borrower and to the business interruption it has faced due to the Rhode Island Department of Transportation (RIDOT) project of removing the Plainfield Street exit, which has brought his sales to a standstill. Mr. Hoagland also stated that this past October (2014), the board agreed to cut this Borrower’s monthly payments in half retroactively to June (2014), which expired in March 2015 (9 months). The Borrower’s business has come back but the loan has an arrearage and past due interest and late fees. The staff recommendation is to move the arrearage on each loan to a balloon payment at the end of each loan term. A motion was made by Mark Feinstein and seconded by John Bentz to accept the recommendation of staff. Attorney Garrahy stated that on Page 65 of the meeting package the recommendation of staff is stated and questioned if that is the understanding of Mr. Feinstein in making his motion. Mr. Feinstein responded in the affirmative. Mr. Hoagland added that he also waived late fees as part of the staff review for a period of three (3) months. Mr. Feinstein stated that he added the waiver of the late fees to his motion. Motion passed by unanimous vote. Councilwoman Matos noted that the business is suffering the consequences of progress and that it opened when RIDOT just started the project. Councilwoman Matos thanked the board for its support of this business.

The next agenda item entertained by the Board of Directors was the request of Vicmar Communications, Inc. for approval for PEDP to subordinate its mortgage position to the refinancing of senior debt. Attorney Garrahy noted that the Borrower came to us with this request one (1) hour before the deadline to post it on the agenda. The concern was because of the Borrower’s fear that she

would lose the property pledged as collateral at tax sale, she came to us for a subordination to get additional financing so that she can pay the real estate taxes. We have very little information on where she stands. No payments have been made on this PEDP loan. One attempt to make a payment was made but it was uncollectible. Attorney Garrahy recommended that the board give authority to staff to negotiate an acceptable Forbearance Agreement that would allow for a subordination as well with the Borrower, acceptable to staff. This will probably be a loan that will be in collection at some point, however if PEDP could recover something now in return for doing something, it would be helpful. Attorney Garrahy stated that he does not know that we have enough information to make a particular recommendation at this time for a particular action because we do not know what we should be doing. A motion was made by William Tracey to defer to staff discretion, if that is what is being requested. Attorney Garrahy added which would allow for subordination on terms acceptable to staff. It was expressed that if it is a subordination to existing debt, that was less of a concern to the board if it is a refinance of senior debt and there will be no new money or debt going in. Mr. Hoagland stated that PEDP would not subordinate to any further debt other than to pay the past due real estate taxes to the city or to pay PEDP to reduce the loan. Questions as to the loan status, amount of the loan, and amount of past due taxes were raised and answered.

Stuart MacDonald indicated that staff met with Brett Smiley beforehand at which this matter was discussed and questioned whether it would be appropriate for the board to approve staff working on this matter but Mr. Smiley having the approval authority. William Tracey restated his motion to defer to staff as requested. It was added that the motion is to grant staff the authority to work with the Borrower only on a refinance of pre-existing debt, specifically in order for payment of real estate taxes to the city. Any final sign-off would be required by Mr. Smiley (Chair). William Tracey affirmed the above motion, which was seconded by John Bentz. Motion passed by unanimous vote.

Attorney Garrahy requested that the last matter of business, the IIP Report for review and discussion, be moved into public session (from Executive Session). He does not believe that there will be any confidential information discussed in connection with that report. If there was to be discussion of any personal financial information of the companies, he would recommend that the board enter into Executive Session. A motion was made by John Bentz to move the agenda matter under Executive Session, the IIP Report, to public session. Motion passed by unanimous vote.

Mr. Hoagland presented the IIP Report for review and discussion. Mr. Hoagland reported as outlined in the IIP Report that six (6) companies have converted, fourteen (14) companies are still active, one (1) company is inactive, and fourteen (14) have wound down. The reports from the various companies are attachments to the IIP Report. Mr. Hoagland asked that the board take a look at the report and if there are any questions, he is happy to answer or get any additional information. It was commented that staff should express to the companies that we expect these types of updates periodically and it was questioned how often PEDP will be requesting status updates. Mr. Hoagland asked that legal counsel speak to the discussions underway relative to the IIP loans. Attorney Garrahy stated that he and Mr. Smiley are in discussion to have somebody with expertise in this area come in before the board at the next meeting and address any questions we have in this area in particular. It was questioned once again whether staff has told the companies what our expectations are regarding reporting. Mr. Hoagland responded that all the notes of all the IIP loans that have not converted mature on December 31, 2015. We will have a discussion of determining a time period from the person who will be in attendance at the next meeting.

At 1:01 P.M. Daniel Baudouin left the meeting.

It was noted that at the last meeting there was discussion of looking into what the cost would be of PEDP board hiring someone with expertise in this area and it was questioned of legal counsel whether there was any information relative to this matter. Attorney Garrahy responded that there was not, but that he will be able to report on that at the next meeting. It may be a limited meeting and that person may essentially come to one (1) meeting or provide one (1) hour of time. The expectation at this time is that we would get somebody with expertise in this area that we would be able to ask specific questions for a limited period of time and it would not be extensive, drawn out representation unless we find that we need that type of representation. It was questioned whether an individual has been identified. Attorney Garrahy responded in the affirmative and that the discussions are not finished yet so he cannot disclose who has been identified at this time.

LOAN COMMITTEE RECOMMENDATIONS

There were no recommendations of the committee on today's agenda as the committee did not meet this month and there was also no Other Business on today's agenda.

EXECUTIVE SESSION

Mr. DeCarvalho stated that there were no longer any agenda items under Executive Session.

Upon a motion made by Mark Feinstein and seconded by John Bentz, the meeting adjourned at 1:03 PM.

Approved: June 17, 2015