

***PROVIDENCE BUSINESS LOAN FUND, INC.***  
***THURSDAY, JANUARY 10, 2019***  
***BOARD OF DIRECTORS MEETING MINUTES***

A meeting of the Providence Business Loan Fund, Inc. (PBLF) Board of Directors was held at the office of the Department of Planning and Development, 444 Westminster Street, Providence, Rhode Island, in the 1<sup>st</sup> Floor Conference Room on January 10, 2019. The Board of Directors meeting was called to order at 12:11 P.M., with Theresa Agonia, Vice-Chairperson, presiding. Roll call of the members and legal counsel was conducted. A quorum was present.

**MEMBERS IN ATTENDANCE**

Members in attendance included Theresa Agonia, Deputy Chief of Staff, Office of Mayor Jorge O. Elorza (Vice-Chairperson), Daniel Murphy (Secretary), John (Jack) Bentz, Allyson Cote, Stephen DelSesto, Esq., and Peter Quattromani.

**MEMBERS ABSENT**

Members not in attendance were Nicole Pollock, Chief of Staff, Office of Mayor Jorge O. Elorza (Chairperson, Mayor's Elorza's Designee), Doris Blanchard (Treasurer), and David Piccerelli.

**STAFF MEMBERS IN ATTENDANCE**

Staff members in attendance included Kathy Cosentino.

**OTHERS IN ATTENDANCE**

Others in attendance were Stephen A. Izzi, Esq., Moses Ryan Ltd. on behalf of Mark Ryan, Esq., PBLF legal counsel; Sally Brito, Director of Fiscal Operations, City of Providence Department of Planning and Development; and Thomas Hoagland, Director, PBLF.

**MEETING MINUTES**

The minutes of the October 11, 2018 Providence Business Loan Fund, Inc. (PBLF) Board of Directors meeting were submitted for review and approval. A motion was made by Jack Bentz and seconded by Stephen DelSesto, Esq. and it was voted to approve the minutes of the October 11, 2018 PBLF Board of Directors meeting as presented. Motion passed by unanimous vote.

**REPORT OF THE DIRECTOR**

Thomas Hoagland presented the Report of the Director. Mr. Hoagland noted that Allyson Cote has been helpful with the program marketing. There has been a dearth of applicants at the moment. The PBLF palm card was distributed to the board at the meeting. We need to step up our efforts. It has been unusually slow. We need any help the board can give us. We will step up our marketing efforts. There is now a window sticker for all of our Borrowers to display. The outreach with the banks will continue. With help from Sally Brito, we have given marketing a budget of \$5,000.00.

Ms. Agonia questioned if the palm card is going to be translated into Spanish. Mr. Hoagland responded that it was debated and he is not sure if there is the demand for that. It was questioned whether there is a lack of applicants or of applicants that are qualified. Mr. Hoagland responded that for the last two (2) applicants the bank decided to fund. It was also questioned whether we are dropping the cards off to potential partners for help with distributing them. Mr. Hoagland responded in the negative, adding that it is a constant effort since the situation with the banks is that there is a lot of turnover in the parties responsible for handling these efforts. It was questioned whether we have asked to give the palm cards to our loan recipients in retail businesses as they would get foot traffic for visibility.

At 12:18 P.M., Daniel Murphy entered the meeting.

The board suggested that the chambers should put a link to our site on their website as a service to their members. The Book of Lists was mentioned as resource. The Providence Business News is going to be doing a story on the program. The Bureau of Licenses and the Department of Inspection and Standards were also suggested as resources to market the loan program.

Mr. Hoagland then proceeded to discuss the Aging Report. There is not a lot new to report. We have gone a long way to clean up the portfolio. Mr. Hoagland has heard from 121 Washington Street, who indicated that their funding is week to week, at which time the loan will be coming off the portfolio completely. The status of the collection of the loans to Jamel and Andrea Valentini was briefly presented. Mr. Hoagland noted that we made a lot of progress in getting the past dues to an acceptable level. Questions were raised and answered with regard to the loans to Andrea Valentini and Van Leesten. It was questioned whether there were any further questions relative to the Aging Report; there were none.

#### NEW LOAN REQUESTS / PROGRAMS – FOR CONSIDERATION AND ACTION

The next item on the meeting agenda was New Loan Requests for Consideration and Action. There were no matters for discussion under this agenda item.

#### EXISTING LOAN REQUESTS – FOR CONSIDERATION AND ACTION

The first agenda item under Existing Loan Requests for Consideration and Action entertained by the Board of Directors was the request of staff relative to the loan to Exnhilo Design, Inc., Stephen Graceffa, 351 Smith Street, formerly 2 Charles Street, Providence, Rhode Island, for the approval of the write-off of the loan. The loan's principal balance is in the amount of \$31,358.65. Mr. Hoagland presented the request. A brief history of the loan payments, collateral and status of the business was provided. A drive by appraisal of the property pledged as collateral provided a value that does not have sufficient equity to pursue. We have exhausted our efforts. Mr. Hoagland recommends the write-off of the loan and look forward to the time that we may get paid. We will continue to keep an eye on the loan. It was questioned whether it was checked so see if the principal has any other licenses in the city. It was added that foreclosure will be costly and not profitable to do so. The vote would be for authority to write the loan off, subject to Sally Brito's approval of its timing. It was questioned whether just principal would be written off. Mr. Hoagland responded that principal only would be written off. Kathy Cosentino noted that for purposes of the billing system, entries will be made to write-off both principal and interest, which differs from the entries to the financials on the fiscal side.

A motion was then made by John Bentz and seconded by Stephen DelSesto, Esq. and it was voted to authorize the write-off of the loan to Exnihilo Design, Inc., subject to the approval of Sally Brito (Director of Fiscal), as recommended. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of YAD International, LLP d/b/a Yoleni's, Alexander Philippides, Alexandra Georgiou, Demetrios Georgiou, Yannis Philippides, Demetri Philippides, and Katrine Philippides, 292 Westminster Street, Providence, Rhode Island, 02903, for the approval of a further (second) extension of the commencement of principal and interest loan payments to PBLF from January 1, 2019 (due December 15, 2018 to BDCRI) to June 1, 2019 (Due May 15, 2019 to BDCRI). Mr. Hoagland presented the request. The business is on a learning curve and they are massaging the model. The family has put in some money to keep the cash flow there. They were requesting that PBLF defer principal payments for two (2) to three (3) months. Mr. Hoagland suggested six (6) months so that they do not have to rush back to the board. Mr. Hoagland briefly overviewed some issues the principals have been experiencing. Mr. Hoagland recommended that PBLF extend the commencement of principal and interest payments from January 1, 2019 to June 1, 2019, which will be to defer the principal portion of the payment only. The Borrower will continue to make the interest payments monthly.

Upon a motion made by John Bentz and seconded by Allyson Cote, it was voted to approve a second extension of the commencement of principal and interest loan payments to PBLF from January 1, 2019 (due December 15, 2018 to BDCRI) to June 1, 2019 (Due May 15, 2019 to BDCRI). Payments of

interest will continue to be made monthly, as presented. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request in connection with the loan to Viva Mexico (Mexico Restaurant Garibaldi, Inc. d/b/a), Jose I. Ruiz and Elia Ruiz, 129 Washington Street, Providence, Rhode Island, 02903, from AS220 for a partial release of collateral pledged as collateral for the loan. Mr. Hoagland presented the request. Mr. Hoagland provided the board a brief history of the business and the PBLF loan. The loan recently matured and PBLF approved a loan extension. PBLF has additional collateral pledged as security for the loan by AS220 consisting of two (2) lots of artwork. A reaffirmation of the pledge of collateral was required as part of the loan modification. The loan has been paid down from the original loan amount of \$70,000.00 to approximately \$50,000.00. PBLF remains secured by the property located at 948 Atwells Avenue, in which there is equity. Mr. Hoagland indicated that he has not yet gotten the year-end tax returns for 2018. Mr. Hoagland recommends that we agree with AS220 and release one-half (1/2) of the collateral when we receive the 2018 tax returns and then release the other one-half (1/2) of the collateral next year when we receive tax returns (for 2019). It was questioned what the collateral that will be released is worth. Mr. Hoagland responded that it was appraised at \$25,000.00 for each lot.

A motion was then made by Peter Quattromani and seconded by Allyson Cote to approve the partial release of collateral as recommended and presented. The collateral will be released as follows: one-half (1/2) of the collateral when PBLF receives the 2018 tax returns (in 2019) and then the other one-half (1/2) of the collateral next year (2020) when we receive tax returns for 2019. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of staff for the approval of the write-off of the loan to Dr. Dennis Karambelas & Associates, Dr. Dennis Karambelas, 295 South Main Street, Providence, Rhode Island. The principal balance of the loan is \$43,526.20. Mr. Hoagland presented the request. The loan was made in 2012 to assist the move of the business to South Main Street. It was a very uneven experience with payments. We never really got satisfaction with what the cash flow situation of the business was. We never got cooperation with the job creation documentation. The collateral for the loan is the assets of the business and the couple's home in Barrington that was appraised at \$600,000.00 with a first mortgage of \$475,000.00. Dr. Karambelas had cancer and passed away approximately fifteen (15) months ago. His widow is trying to sell the practice. There is also a 3<sup>rd</sup> mortgage on the residence to the first lender. A foreclosure sale of the home took place this Monday and the winning bid was in the amount of \$451,000.00, which was less than the first mortgage. The principal still lives in the property and would have to be evicted. Mr. Hoagland provided the background to the status of the sale of the business and previous offers that were made. The principal's widow is going through their records to try to satisfy our HUD requirements. She is in debt and is asking us to forego on our collection efforts on the remaining assets. Mr. Hoagland stated that he is not recommending that we walk away but that we ask for a token amount at least to cover our legal fees. Mr. Hoagland added that he was open to suggestions.

A motion was made by John Bentz to look for a \$10,000.00 payment. The principal balance of the loan was questioned. Mr. Hoagland responded \$43,000.00. It was suggested that the board first wait to see if she sells the practice. The Borrower is renting its business location. It was questioned what the current potential buyer is paying to run the business. Mr. Hoagland responded that he is owed money as well and that he will get that information. Other board members agreed that they would want to wait to see if she gets an offer on the practice. Mr. Hoagland stated that this is a fluid situation. He does not want the buyer to get away and asked for authorization from the board to give him some wiggle room. He will insist on getting some recovery, but he is sure it will be less than \$10,000.00 maximum, adding that he thinks that a \$5,000.00 payment may be more likely.

A second motion was then made by John Bentz and seconded by Daniel Murphy and Allyson Cote to authorize Tom Hoagland and leave the decision up to him to get the maximum payment that he can get in connection with this loan. Ms. Agonia questioned legal counsel as to whether the board needs to set a cap or a minimum and whether the motion made by Mr. Bentz was fine. Legal counsel Stephen Izzi responded in the affirmative. Ms. Brito suggested that we have the Treasurer or someone else from the board also be authorized to make that approval, along with Mr. Hoagland. Mr. Hoagland responded that approvals need two (2) out of three (3) people, which are the Chair or Vice-Chair, the Secretary and Mr. Hoagland and that one (1) non-city (staff) vote is also required. Mr. Bentz then stated that he would appropriately amend his second motion. Those that seconded the second motion (above) agreed to amend their second of the motion. The amended second motion then passed by unanimous vote.

A question was then raised and answered relative to the Aging Report and whether the board should be concerned with the loan to Eagle Square. Mr. Hoagland responded in the negative. Ms. Cosentino added that the loan has a history of paying quarterly, which the Borrower has indicated that its payment history is due to the timing of its lease payments from one of its tenants.

At 12:51 P.M. Stephen DelSesto, Esq. left the meeting.

#### NEW BUSINESS / OTHER BUSINESS– FOR CONSIDERATION AND ACTION

The next item on the meeting agenda was New Business/Other Business for Consideration and Action. The first matter under the agenda item entertained by the Board of Directors was the approval of the appointment of Thomas Hoagland as Executive Director of PBLF. Mr. Hoagland noted that Theresa Agonia, Nicole Pollock and he have had discussions and that under the bylaws, the Executive Director is authorized to sign for PBLF.

A motion was made by Daniel Murphy and seconded by John Bentz and Peter Quattromani, and it was voted to approve the appointment of Thomas Hoagland as the Executive Director of PBLF. Motion passed by unanimous vote.

Mr. Hoagland stated that he had another item of New Business. He has an applicant that is raising \$800,000.00 to 1 million dollars in equity. It is a modest loan request for a piece of equipment. It will be a fifty percent (50%) loan-to-value on the piece of equipment. Some of the investors are very wealthy and are known in the community. All of our loan guarantors have to give personal financials and tax returns and that is not acceptable to them. Mr. Hoagland stated that he was wondering what the board's latitude is with accepting less than our standard. One member of the board expressed that they wouldn't give them the loan. Mr. Hoagland added that there are situations where we have gotten a certification from an attorney or a CPA with regard to a person's net worth and income values. Mr. Hoagland also said that we would sign a non-disclosure agreement. It was expressed that if we are going to do this waiver in this one particular case, then why would we have the requirement in the first place. It was also expressed that this may set a really dangerous precedent. No vote was taken in connection with this discussion matter.

The next agenda item entertained by the Board of Directors was the PBLF 2019 annual meeting schedule.

A motion was made by Peter Quattromani and seconded by Allyson Cote and it was voted to approve the 2019 annual meeting schedule. Motion passed by unanimous vote.

#### EXECUTIVE SESSION

The next item on the meeting agenda was Executive Session. There were no matters for discussion in Executive Session.

**REPORT ON ACTION TAKEN IN EXECUTIVE SESSION**

Executive Session was not convened and therefore there was no report.

**MOTION AND VOTE TO SEAL MINUTES OF EXECUTIVE SESSION**

Executive Session was not convened and therefore there was not a motion and vote to seal the minutes of Executive Session.

A motion to adjourn was made by John Bentz and seconded by Allyson Cote and the meeting was adjourned at 1:00 P.M.

Approved: April 11, 2019