

PROVIDENCE BUSINESS LOAN FUND, INC.

THURSDAY, APRIL 24, 2020

DRAFT BOARD OF DIRECTORS REMOTE MEETING MINUTES

Pursuant to Rhode Island Governor Gina Raimondo's Executive Order No. 20-05, dated March 16, 2020 and the State of Emergency declared in the State of Rhode Island and the City of Providence, a virtual meeting of the Providence Business Loan Fund, Inc. (PBLF) Board of Directors was held remotely in Zoom webinar format on April 24, 2020 in order to minimize any possible transmission of COVID-19. The Board of Directors meeting was called to order at 11:05 A.M., with Nicole Pollock, Chairperson presiding. Roll call of the members and legal counsel was conducted. A quorum was present.

MEMBERS IN ATTENDANCE

Members in attendance included Nicole Pollock, Chief of Staff, Office of Mayor Jorge O. Elorza (Chairperson, Mayor's Elorza's Designee), Theresa Agonia, Deputy Chief of Staff, Office of Mayor Jorge O. Elorza (Vice-Chairperson), Doris Blanchard (Treasurer), John (Jack) Bentz, Allyson Cote, Stephen DelSesto, Esq., David Piccerelli and Peter Quattromani.

MEMBERS ABSENT

Members not in attendance were Daniel Murphy (Secretary).

STAFF MEMBERS IN ATTENDANCE

Staff members in attendance included Kathy Abbate and Jonathan Hernandez.

OTHERS IN ATTENDANCE

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

NEW LOAN REQUESTS / PROGRAMS – FOR CONSIDERATION AND ACTION

The agenda item entertained by the Board of Directors was New Loan Requests/Programs for Consideration and Action. Mr. Hoagland presented the requests. Mr. Hoagland began by thanking Kathy Abbate and PBLF legal counsel Stephen Izzi for working on the loan documents for the loans approved last week. Mr. Hoagland also thanked Jonathan Hernandez for setting up the loans for disbursements. Mr. Hoagland noted that it has been a team effort.

Mr. Hoagland stated that he had one comment before presenting the loan requests. Mr. Hoagland informed the board that Rent Sons, Inc. just received a contract from the State of Rhode Island to deliver meals to COVID-19 patients. This matter is not on the meeting agenda, so we cannot vote today. However, the Borrower wants to come back to request a loan increase from the \$50,000.00 previously approved by the board. This matter will be presented at the next meeting for approval.

The first agenda item entertained by the Board of Directors was the emergency loan request of India House, Inc. d/b/a Kabob and Curry, Sanjiv Dhar, 261 Thayer Street, Providence, Rhode Island, 02906, in the amount of \$75,000.00. Mr. Hoagland presented the loan request and provided a history and overview of the business. Mr. Hoagland noted that he has been very clear that the funds from this loan are only for the Providence based operation. The applicant has applied for Paycheck Protection Program (PPP) funding through the SBA, but has not been approved. Mr. Hoagland noted that with this applicant and the others that we approved, they have the option to pay off the PBLF loan with the PPP funds, but they cannot use the funds for the same expenses. Mr. Hoagland opened up the discussion for questions. Mr. Hoagland concluded that the applicant is a strong candidate and that he recommends approval.

A discussion followed with regard to the PPP financing, PBLF being notified if the applicants do received the PPP funding, and whether the applicants can receive both PPP and PBLF funding. Mr. Hoagland responded that legal counsel Stephen Izzi has added a subrogation clause to the loan documents for these loans. If the Borrowers receive federal funds, they are not eligible for PBLF funds.

Should the PBLF Borrowers receive the funds, they have to repay PBLF to the extent of the funds that they receive. Ms. Pollock noted that we want to reserve PBLF funds for other businesses that are not receiving other funds, not because we think it is adequate, but because we know that the demand will be there for some time to come.

A motion was made by Stephen DelSesto and seconded by Doris Blanchard for the approval of the emergency loan request of India House, Inc. in the amount of \$75,000.00. A question was raised with regard to the value of the assets of the applicant and a brief discussion followed with regard to collateral being pledged to secure the loan. The board suggested that Mr. Hoagland may want to express to the Borrower that it may want to seek a bridge loan. Mr. Hoagland thanked the board for the suggestion. There was no further discussion. It was then voted to approve the emergency loan request of India House, Inc. in the amount of \$75,000.00, as presented, for the Providence operation only. There were no members in opposition to the approval and no abstentions from the vote on this request. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the emergency loan request of Viva Mexico Cantina Grill, Inc., Jose and Elia Ruiz and sons, 129 Washington Street, Providence, Rhode Island, 02903, in the amount of \$100,000.00. Mr. Hoagland presented the loan request and provided a brief history of the business, and a brief overview of the PBLF loans to both the Borrower and to AS220 for the building located at 121 Washington Street, Providence, Rhode Island. The principals also own a separate restaurant on Atwells Avenue, which is a separate entity. Both the Atwells Avenue property and the other business entity are pledged as collateral to secure the Borrower's existing PBLF loan. The applicant has had a successful payment history. Mr. Hoagland recommends approval. The discussion was opened up for questions. A brief discussion followed with regard to the fact that restaurants are going to struggle into the future due to the current situation and the board may have to look at that going forward and discuss the matter further. It was noted that it is just something to think about at this time.

A motion was then made by John Bentz and seconded by Theresa Agonia for the approval of the emergency loan request of Viva Mexico Cantina Grill, Inc. in the amount of \$100,000.00, as presented. It was questioned whether there was any discussion on the motion. Questions were then raised as to whether the applicant is open for business or delivery. Mr. Hoagland responded that they have been closed but are going to re-open for delivery soon. It was also questioned whether the applicant has applied for PPP funding. Mr. Hoagland responded that it was unknown whether this applicant has applied. Ms. Pollock noted that for the PPP loan, the business's payroll has to be equivalent to two (2) pay periods from a certain earlier period. If the business is not open, it is a challenge getting payroll to those numbers. It was then noted that Commerce RI is using a form for the Borrower to fill out regarding whether they have applied for PPP or other financing. There were no members in opposition to the approval and no abstentions from the vote on this request. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the emergency loan request of Marla Y. Sabater d/b/a Premium Services, 356 Manton Avenue, Providence, Rhode Island, 02909, in the amount of \$50,000.00. Mr. Hoagland presented the loan request. Mr. Hoagland provided an overview of the business. The applicant provides business and accounting services largely for the Hispanic Community. Mr. Hoagland recommends approval. It was questioned whether the principal is a CPA since she is doing a lot of tax work or whether she has the proper license to do so. Mr. Hoagland responded in the affirmative.

Upon a motion made by Theresa Agonia and seconded by David Piccerelli, it was voted to approve the emergency loan request of Marla Y. Sabater d/b/a Premium Services, in the amount of \$50,000.00, as presented. There were no members in opposition to the approval and no abstentions from the vote for

this request. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the emergency loan request of Fort Realty Solution, LLC, Karley Carto, 161 Gentian Avenue, Providence, Rhode Island, 02908, in the amount of \$50,000.00. Mr. Hoagland presented the loan request. Mr. Hoagland noted that there are issues with this applicant that we have not been resolved yet. We are not sure that it is a Providence business. The applicant is filing taxes from Woonsocket. In addition, the business entity is not properly filed with the Secretary of State. The real estate owned is in Providence. Another situation is that the business has 1099 employees working for it. As such, Jonathan Hernandez may have some challenges documenting job creation for the business as the employees have to be payroll employees. The applicant is offering real estate collateral for the loan. PBLF will also need an appraisal of the property that we have not gotten yet in order to substantiate its value. Ms. Pollock questioned whether Mr. Hoagland is asking the board to continue this matter. Mr. Hoagland responded in the negative adding that he will ensure all issues are resolved before disbursing dollar one.

A motion was then made by John Bentz and seconded by Stephen DelSesto, Esq. to approve the emergency loan request of Fort Realty Solution, LLC in the amount of \$50,000.00, contingent upon the conditions outlined by Tom Hoagland, that are enumerated above. The board then asked for clarification with regard to the employees of the business. Mr. Hoagland responded that in order to qualify for PBLF funding the employees have to be payroll employees and not independent contractors. Mr. Hoagland also noted that the applicants do not have to just retain employees, they can also hire new employees. It was also questioned whether the applicant applied for PPP funding or whether PBLF will encourage the applicant to do so. It was questioned whether there was any further discussion on the motion. There was none. There were no members in opposition to the approval and no abstentions from the vote on this request. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the emergency loan request of The Salted Slate, Inc. Ben Lloyd, 186 Wayland Avenue, Providence, Rhode Island, 02906, in the amount of \$50,000.00. Mr. Hoagland presented the loan request. Mr. Hoagland noted that the principal opened another business called Providence Wine Bar around the corner on Angell Street. Mr. Hoagland also provided the principal's professional background to the board. The business has been successful and profitable. The board noted that the applicant is also eligible for a PPP loan. Mr. Hoagland responded that he believes that this applicant has applied for PPP funding. It was questioned whether the business is open. Mr. Hoagland responded in the negative. It was questioned whether the PBLF funding is for one location or both. Mr. Hoagland responded that both the two (2) businesses come under the corporate entity and that the PBLF funding is for the Salted Slate.

Upon a motion made by Stephen Del Sesto, Esq. and seconded by John Bentz, it was voted to approve the emergency loan request of The Salted Slate in the amount of \$50,000.00, as outlined by Tom Hoagland. There were no members in opposition to the approval and no abstentions from the vote on this request. 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.

Mr. Hoagland thanked the board.

A motion to adjourn was made by Stephen DelSesto, Esq. and David Piccerelli and seconded by John Bentz and the meeting was adjourned at 11:40 A.M.