

PROVIDENCE BUSINESS LOAN FUND, INC.
THURSDAY, JANUARY 30, 2020
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 1st Floor Conference Room on January 30, 2020. The Board of Directors meeting was called to order at 12:13 P.M., with Theresa Agonia, Vice-Chairperson and then 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), John (Jack) Bentz, Allyson Cote, David Piccerelli and Peter Quattromani.

MEMBERS ABSENT

Members not in attendance were Doris Blanchard (Treasurer), Daniel Murphy (Secretary), and Stephen DelSesto, Esq.

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; Thomas Hoagland, Executive Director, PBLF; Benjamin Smith, Deputy Director of Communications, City of Providence and Katherine Hypolite, Director of Communications, City of Providence Department of Planning and Development.

MEETING MINUTES

The minutes of the August 8, 2019 and October 17, 2019 Providence Business Loan Fund, Inc. (PBLF) Board of Directors meeting were submitted for review and approval. Ms. Agonia questioned the board members as to whether anyone would want to vote differently on the meeting minutes and therefore vote separately on the minutes. The board responded in the negative. It was questioned of PBLF legal counsel Stephen Izzi whether both of the meeting minutes could be taken up together or whether separate motions were needed. It was advised that the board could take both meeting minutes together for approval. A motion was then made by John Bentz and seconded by David Piccerelli for the approval of the minutes of the August 8, 2019 October 17, 2019 PBLF Board of Directors meetings as presented. Motion passed by unanimous vote.

Nicole Pollock, Chairperson now presiding.

REPORT OF THE EXECUTIVE DIRECTOR

Thomas Hoagland presented the Report of the Executive Director. The first agenda item under the Report of the Executive Director discussed by Mr. Hoagland was the Summary Aging Report. Mr. Hoagland stated that for most of the items that are past due in the report, there will be votes taken later in today's meeting that will take them off the past due list. There is over one million dollars in loans that have matured and come due. The other past due matter is the Dr. Karambelas loan that the board already approved its write-off. PBLF legal counsel, attorney Izzi, is still negotiating PBLF's payment. Mr. Hoagland reported to the board that the amount the PBLF will be receiving relative to this loan has been substantially reduced by receiver fees and a late receivership claim that was filed. PBLF will now be receiving approximately \$3,000.00 to \$4,000.00 from the receivership. For all other cases that are past due in the report, we are getting payments and they are not caught up yet. The loan to The Dorrance only has its last payment outstanding, which came due over a year ago. Theresa Agonia congratulated the staff on excellent work on the loan portfolio.

Mr. Hoagland stated that we would now proceed to agenda item number 5, Existing Loan Requests for Consideration and Action, while waiting for additional directors to arrive and will return to the remaining agenda item under the Report of the Executive Director at that time.

EXISTING LOAN REQUESTS – FOR CONSIDERATION AND ACTION

The next item entertained by the Board of Directors was Existing Loan Requests for Consideration and Action. The first agenda item entertained by the Board of Directors was the re-presentation of the previous request of staff in connection with 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 a correction of the approval that was granted. Mr. Hoagland presented the matter. The request today is for ratification of staff approval of an additional (third) modification of the loan's payment schedule to further extend the commencement of principal and interest payments and approve modified monthly payments in the amount of interest plus \$417.00 in principal for the period of 7/1/2019 (payment due 6/15/2019 to BDCRI) through 2/1/2020 (payment due 1/15/2020 to BDCRI). The approval that was granted at the October 2019 meeting approved payments in the amount of \$1,000.00 in principal plus interest for the period of 7/1/2019 through 4/1/2020. It was clarified that the \$1,000.00 principal payment is the amount that is being remitted to BDCRI (and not PBLF). In addition, principal and interest payments were to commence on 1/15/2020 to BDCRI, which are due to PBLF on 2/1/2020. The matter was being represented for the correction to the payment amount to PBLF as well as to the payment period.

In addition, the Borrower is now also requesting a further (fourth) extension of the monthly payments in the amount of interest plus \$417.00 in principal to PBLF for the additional period of 2/1/2020 through 8/1/2020 (due 7/15/2020 to BDCRI).

Upon a motion made by John Bentz and seconded by Nicole Pollock it was voted to approve and correct the third extension of principal and interest payments and approve payments in the amount of interest plus \$417.00 in principal for the payment period of 7/1/2019 to 2/1/2020 and also approve a fourth extension of principal and interest payments and extend the current monthly payments in the amount of interest plus \$417.00 for the additional period of 2/1/2020 through 8/1/2020. Motion passed by unanimous vote as presented.

The next agenda item entertained by the Board of Directors was the request relative to Trinity Place (TP10, LLC), Carla DeStefano, Executive Director, SWAP, 460 Pine Street, Providence, Rhode Island, 02907, for the project address of 1040 Broad Street and 19 Elmwood Avenue, Providence, Rhode Island, for the ratification of staff approval to extend the loan term for period of an additional five (5) years. The loan matured on November 1, 2019. Thomas Hoagland presented the request. The loan was approved with a ten (10) year term with a twenty-five (25) year amortization. The Borrower is requesting that the loan term be renewed under the same terms and conditions for a five (5) year period. We have SWAP's guaranty of the loan. The Borrower has never missed a payment. Equity in the properties was questioned by the board. Mr. Hoagland responded that PBLF has a first position on the commercial condos on the first floor. The amount of the equity was questioned. Mr. Hoagland responded that a re-appraisal was not conducted, but could be completed. It was indicated that it was not necessary.

A motion was then made by Peter Quattromani and seconded by John Bentz to approve the request of staff for the ratification of staff approval to extend the loan term Trinity Place (TP10, LLC) for the period of an additional five (5) years. Legal counsel Stephen Izzi and Mr. Hoagland noted that a guaranty of SWAP was added as collateral for the loan. The increase in receivables was questioned. It was questioned of legal counsel whether the motion needed to be amended. Attorney Izzi responded in the negative. Motion passed by unanimous vote as presented.

The next agenda item entertained by the Board of Directors was the request of Nikki's Liquors (DMR

Enterprises, Inc.), David Iannazzi and Michael Iannazzi, 32 Branch Avenue, Providence, Rhode Island, 02904, request for approval to extend the loan term. The loan matured on January 1, 2020. Mr. Hoagland presented the request. The loan was made with a five (5) year term with a ten (10) year amortization. The loan is current. The payment history and current status of the loan were briefly presented. The request is for the loan to be extended for an additional five (5) year period, which will fully amortize the loan. Mr. Hoagland noted that he has since received preliminary financials from the Borrower.

Upon a motion made by John Bentz and seconded by David Piccerelli, it was voted to approve the request of Nikki's Liquors (DMR Enterprises, Inc.) for the extension of its loan term for an additional five (5) year period. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of Plainfield Auto Sales, Inc., Osman Garcia, 292 Plainfield Street, Providence, Rhode Island, 02909, for approval to extend the loan term. The loan matured on January 1, 2020. Mr. Hoagland presented the request. Mr. Hoagland stated that similarly, this loan was a five (5) year loan with a ten (10) year amortization that matured on January 1, 2020. PBLF has second mortgages on three (3) properties securing this loan. Mr. Hoagland noted that the Borrower has since changed its business from exporting to doing more retail business.

Upon a motion made by David Piccerelli and seconded by Allyson Cote, it was voted to approve the request of Plainfield Auto Sales, Inc. for the extension of its loan term for an additional five (5) year term. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of Amos House (formerly d/b/a Friendship Café), Eileen Hayes, President and CEO, 460 Pine Street, Providence, RI, 02907 (formerly 415 Friendship Street, Providence, Rhode Island, 02907. The project address for the Friendship Café was formerly 500 Broad Street, Providence, Rhode Island, 02909. The request was for approval to extend the loan term for period of an additional five (5) years. The current loan term extension matures on June 1, 2020. Mr. Hoagland presented the request. PBLF is in second position behind \$200,000.00 to TD Bank. All of the loan payments have been made on time. The request is to renew the loan for an additional five (5) years.

Upon a motion made by Peter Quattromani and seconded by Allyson Cote and John Bentz, it was voted to approve the request of Amos House (formerly d/b/a Friendship Café), for the extension of its loan term for a period of an additional five (5) year term. Motion passed by unanimous vote.

The next agenda item entertained by the Board of Directors was the request of 121 Washington Street, Limited Partnership/AS 220, Shauna Duffy, CPA, Managing Director/Co-Director, 121 Washington Street, Providence, Rhode Island, 02903, for a fifth extension of the loan term by an additional twelve (12) months through December 31, 2020 pending receipt of funds to pay off PBLF loan. The loan originally matured on May 1, 2018 and was last extended by the board by an additional nine (9) months to December 31, 2019 (approved at the June 13, 2019 meeting). Mr. Hoagland presented the request. Mr. Hoagland stated that he received an email yesterday from Shauna Duffy who received an email from Rhode Island Housing and indicated that they may fund this week. The current PBLF extension has expired and the Borrower continues to make the regular monthly payments. Mr. Hoagland amended the request period to extend the loan term for an additional six (6) month period. It was questioned when RIH is going to sell the bonds. Mr. Hoagland responded that the bonds were sold two (2) years ago and that it is the disbursement of the funds that the Borrower is waiting on. A brief discussion followed regarding shifts in leadership at RIH and that other entities are also awaiting funding from RIH.

Upon a motion made by David Piccerelli and seconded by John Bentz, it was voted to approve the extension of the loan term to 121 Washington Street, Limited Partnership/AS 220 for an additional six (6) months through June 2020, as revised at the meeting. Motion passed by unanimous vote.

NEW BUSINESS / OTHER BUSINESS– FOR CONSIDERATION AND ACTION

The next agenda item entertained by the Board of Directors was New Business/Other Business for Consideration and Action. The first agenda item under New Business for consideration was the presentation by Benjamin Smith, Deputy Director of Communications, City of Providence and Allyson Cote, PBLF Board of Directors regarding PBLF marketing efforts. Mr. Smith distributed a PBLF Marketing Memo to the directors at the meeting. Mr. Smith proceeded to review the memo. The marketing budget, ads and change in the parameters for the Facebook ads were discussed. Mr. Smith recommended that PBLF re-up the campaign for another \$10,000.00 and re-target the folks that came to the site, noting that generally two percent (2%) of web traffic will convert to someone that is interested. Mr. Smith indicated that he was unsure whether the marketing was successful in generating loan applications. Mr. Hoagland responded that it is hard to tell and that we would have to specifically ask the question as to how any inquiry came into contact with us. Mr. Hoagland added that it led to one (1) application but that the applicant decided to not go ahead with the project. Mr. Hoagland noted that he is in the process of working with Sally Brito, Director of Fiscal Operations, in developing a budget and marketing should be a part of that budget.

The upcoming Business Open House was discussed. Ms. Pollock noted that we are going to diversify the location for the Open House and that the next one will be held at the CIC. A brief discussion followed with regard to PBLF information being included in material for the mayor's walks and any outreach the Mayor's Office is doing. The board discussed working with RIBBA, the Chambers of Commerce and including PBLF materials at receptions with developers.

Mr. Smith opened up the presentations to questions. It was questioned whether PBLF has additional funds for marketing before June 30th. Ms. Brito responded that she would have to take a look at that as the funds PBLF has to utilize for this purpose are dwindling. Mr. Hoagland acknowledged and thanked Allyson Cote for her assistance in this, noting that she was helpful. Mr. Smith was then thanked by the board for his presentation.

REPORT OF THE EXECUTIVE DIRECTOR-CONTINUED

Mr. Hoagland proceeded to present the remaining agenda item under the Report of the Executive Director, which was a discussion of smaller sized loans and vote for approval to enter into a separate Sub-Recipient Agreement with HUD. Mr. Hoagland noted in his over five (5) years here, smaller loans are difficult to do. The costs are the same for the documentation and filing fees since the numbers do not change with the size of the transaction. There are also difficulties with job creation since we cannot count the owner or a spouse. Mr. Hoagland has been in discussions with legal counsel Stephen Izzi on the cost side and with regard to providing PBLF a fill in the blank Loan Agreement for the smaller transactions. In addition, PBLF would utilize Planning and Development staff to record the mortgage. Mr. Hoagland has spoken with HUD. They have a micro-loan program that exempts employment in some cases. In order to do this type of lending, PBLF will have to enter into a separate Sub-Recipient Agreement with HUD than the one we already have. In the past, there has been an effort to do micro-loans but they were not documented as loans and were the reason for most of the cleanup we are doing of the portfolio. There are still hurdles to overcome. Mr. Hoagland thinks that there is a market there for this funding. The question is whether philosophically we think this is a market we should fill and whether we are equipped for what the cost is for equipping our accounting to separate function and dollars for this lending. There are issues that we do not have answers for yet. Mr. Hoagland stated that this agenda item was to inform the board that we are looking at this type of lending and to get any feedback from the board. Questions of the board were raised and answered.

The board questioned whether or not we would be bringing something useful to the market. The board suggested that it would be helpful to have a written overview that compares the eligibility requirements and parameters of the HUD and EDA funding as well as the micro-enterprise lending. The board

would want to look at the requirements for all the programs at the same time. In concept it seems like a very good way for the board to expand and meet needs that are not met. Mr. Hoagland noted that PBLF would also have to amend our agreement with EDA to use those funds for this purpose. Ms. Brito noted that the Action Plan states the PBLF does not do any loans less than \$50,000.00. The board indicated that it would want to ensure that there are safeguards and procedures in place so that it does not repeat the past and these loans do not end up being grants and un-recoupable and we do not have collateral to do anything when they do not pay. Attorney Izzi added that the SBLFC does or did have a micro-loan program that was documented in-house for loans that were \$25,000.00 to \$35,000.00. Mr. Hoagland stated that he would contact RI Commerce to find out what they did for their program. It was questioned whether HUD/EDA would be willing for us to do this type of program with us struggling to get the other funds out the door.

Ms. Pollock asked that the board think about this agenda item and perhaps vote next time regarding whether to move forward with developing this program. Ms. Pollock noted that this will impact PBLF marketing and that it does not make sense to renew the marketing campaign at this time if a new product is coming. Ms. Pollock questioned whether the directors were comfortable with taking a vote at the next meeting after a robust discussion. The directors all replied in the affirmative. The board suggested that we add feedback to our webpage so that we can ask why people do not move forward with the PBLF application.

NEW LOAN REQUESTS / PROGRAMS – FOR CONSIDERATION AND ACTION

The agenda item under New Loan Requests/Programs for Consideration and Action was the loan request of Diego's Providence, LLC, Scott and Adrienne Kirmil, 192 Wayland Avenue, Providence, Rhode Island, 02906, loan request in the amount of \$350,000.00. Mr. Hoagland presented the request. Mr. Hoagland began by noting that there were two (2) corrections to the loan request. The first correction is to the Borrower's corporate name, which is listed as Diego's Providence, LLC but is actually Providence Diego's, LLC. The second correction is to the Borrower's address, which is listed as 192 Wayland Avenue, but is actually 192 Medway Street. Mr. Hoagland provided an overview of the principals' business background and other business locations in Newport, Rhode Island. The principals are offering a second mortgage on a waterfront rental property in Jamestown owned with Adrienne's mother. The property was appraised at \$1.4 million and the principals owe \$850,000.00 on the first mortgage. Mr. Hoagland noted that the principals also have enough cash flow from the other businesses to service the PBLF debt if necessary.

A motion was then made by John Bentz and seconded by David Piccerelli and it was voted to approve the loan request of Providence Diego's, LLC in the amount of \$350,000.00, as presented. 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 Nicole Pollock and seconded by Theresa Agonia and the meeting was adjourned at 1:05 P.M.