

**CITY OF EAST PROVIDENCE
ECONOMIC DEVELOPMENT COMMISSION**

**Minutes of February 11, 2019
Held In Planning Department Conference Room**

Present were Chairman Jonathan Killian, Frederick Radway, Daniel Corria, Michelle Martins Botelho, Dominic Leonardo and James Moran (staff), David Bachrach (staff).

The meeting was called to order at 7:00 p.m.

There were sufficient regular members present at the meeting for a quorum.

New Business

Agenda Item 1. Loan application of Colonial Mills – Loan approval modification

Colonial Mills President, Donald Scarlata and Gregg Scarlata were in attendance at the meeting to answer any questions that the Commission had. The purpose of the meeting was to modify the terms and conditions of the Colonial Mills loan to amend the City's collateral position on the loan from a second position security interest to a fourth position security interest. The Commission entered into Executive Session to discuss the loan application with the applicant. Upon leaving Executive Session, the Economic Development Commission voted unanimously to approve the Colonial Mills amended loan application subject to the following conditions:

- The loan amount shall be \$99,999;
- The term of the loan shall be 120 months;
- The rate shall be 20% below prime rate, calculated at the date of the closing and adjusted annually per changes in the prime rate. However, at no time shall the rate fall below 3%;
- The City shall take a fourth lien position on all real estate and property assets of Colonial Mills, Inc. and Scarlata Enterprises, LLC;
- A personal guaranty of Donald Scarlata, Gregory Scarlata and any other owners of record listed under the ownership records associated with Colonial Mills Inc. and Scarlata Enterprises, LLC along with a corporate guaranty of Colonial Mills, Inc.;
- The applicant shall provide a detailed list of the eligible expenses associated with the improvements at 105R Pawtucket Avenue that the City's loan funds will be used for and attest that these funds will be used exclusively to complete only these listed improvements;
- The applicant shall obtain all necessary regulatory permits associated with the improvements of the facility and all work will meet all other appropriate City and State regulations;
- The loan is subject to an annual 1% loan administration fee.

Agenda Item 2. Adding the submission of a title report to the required commercial loan application submitted materials.

Jim Moran and David Bachrach discussed a proposed policy change to the loan approval requirements that would include the provision of a title report when an applicant is proposing to use City funds to acquire a building or if property is pledged as collateral for the loan. The Commission agreed that this was a sensible policy and that it should require that a title report be prepared as a condition of approval whenever these circumstances arose.

David Bachrach suggested that the Commission consider utilizing outside counsel in reviewing loan applications to provide an additional underwriting function and assist the Commission in making a more informed decision on loan applications. The funding of an independent underwriter to complete this service could come from dedicated funds budgeted to the Economic Development Commission for this function. The Commission felt that this could be helpful to them in reviewing loans. The hiring of any service provider would be subject to all purchasing requirements of the City. Jim Moran and David Bachrach indicated that they would take this issue to the Acting Planning Director, Diane Feather and ascertain whether this issue should be discussed with the Mayor to determine if he would be open to funding an outside underwriting resource to assist in reviewing the City's economic loans.

There was no other business discussed.

Adjourn: The Commission voted to adjourn the meeting at 7:45 pm

Signed: *James Moran*
Recording Secretary