

Solomon's Choice

Michael Solomon is wearing several hats these days: Providence City Council president, candidate for mayor and veteran businessman, a job Solomon had long before he got into politics. Solomon's most high-profile business is Wes's Rib House in Olneyville. He also owns a catering company off Mount Pleasant Avenue. But it's a business project in this building on Westminster Street where Solomon is a part-owner that has been his most challenging. With the campaign for mayor in full swing, Solomon is once again answering questions about a business loan he and several partners took out from the city of Providence 27 years ago. A loan that is still largely unpaid.

"That loan did what it set out to do: create jobs, and promote economic development and downtown living," Solomon told *The Hummel Report*. "And we continue to pay on it."

The loan was to develop condominiums at the Conrad Building and it sounded like a promising project in 1987. Solomon and his partners received a \$500,000 loan from what was then known as the Providence Economic Development Commission. They also arranged \$3.5 million in private financing. Several years later they took out an additional \$100,000 from the city.

Solomon says the group sold 20 units on the upper floors to pay off the \$3.5 million in private financing. Two years ago they converted the unit they still own on the ground floor into the Providence Coal Fired Pizza restaurant hoping to generate enough money to pay off the remainder of the loan over the next decade.

We got a look inside the restaurant, which bills itself as having the state's only authentic coal fired oven, just before it opened in 2012. And we talked to Solomon about both the business and the outstanding loan. He pledged to pay off the debt, which at the time was \$454,000. And, records show, the partners are making progress on the loan, paying down nearly \$50,000 over the past two years. The balance as of last month was \$408,576, with payments averaging about \$2,500 a month. But Solomon raised some eyebrows earlier this year when he loaned his campaign approximately \$300,000 of his own money, while the Conrad loan remains outstanding.

Hummel: You've put a lot of personal money into the campaign and some people would say, "Why don't you take care of your debt to the city first?"

Solomon: First of all, I'm a minority partner in the corporation, so that corporation is owned by a bunch of people. It's not just me who has that loan and we continue to pay on that loan like we would pay on a mortgage on a house.

But the terms are much better than a mortgage. A decade ago, after years of delinquent payments, Solomon and his partners were able to renegotiate the loan from 6 percent interest down to 1 percent, retroactive to 2001. Joshua Teverow, the legal counsel for what by then had become the Providence Economic Development Partnership, recommended the loan conversion.

Hummel: But the public perception is "Look, this guy has a quarter of a million dollars that he could satisfy the city with and then have people pay him back." What about that?

Solomon: We are paying our mortgage. We are paying our loan off. That loan has been looked at. The

partners are paying that loan off.

Hummel: After years of moratoriums, though.

Solomon: Well, there have been modifications.

Hummel: There were interest-only years.

Solomon: Not years. One year of interest only.

The records we reviewed show two years of interest-only payments, which ended in July 2012 when the corporation resumed paying down the principal.

The Conrad loan, the oldest issued by the city under a program funded with federal taxpayer dollars, was part of an overall review two years ago by the feds of the PEDP. Under the administration of Mayor David Cicilline it had a nearly 65 percent default rate. Solomon argues he could have defaulted, but was determined to stick it out.

Hummel: How much money of your own have you put into the campaign?

Solomon: What's that have to do with my personal life?

Hummel: You're running for office and it's money that comes out of your pocket. And your name is on that loan.

Solomon: That's right. And we continue to pay that loan.

Which is scheduled to be fully paid off in 2024 - 37 years after it was first issued.

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