

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

May 24, 2007

A monthly meeting of the Board of Directors of the Small Business Loan Fund Corporation was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on May 24, 2007 at approximately 9:49 a.m.

Present were Board Members: Edward Rendine, Richard DeMerchant, and William Parsons. Absent were Raymond Fogarty and Maurice Paradis. Also present were: Earl Queenan, Anthony Scolavino, Alicia Pomfret, Michael Saul staff, along with Thomas V. Moses, Legal Counsel and Steve Whitney of the Senate Fiscal Office.

Mr. Rendine called the meeting to order at 9:49 a.m.

Adoption of Minutes

The first item to come before the Board was consideration for adoption of the Minutes from the Board Meeting held on April 26,

2007. Mr. Parsons made a motion to approve the Public and Executive Session Minutes and Mr. DeMerchant seconded the motion, which was unanimously passed.

Executive Minutes

The second item to come before the Board was the consideration of maintaining the Executive Session Minutes of the April 26, 2007 meeting as confidential.

Mr. DeMerchant made a motion, Mr. Parsons seconded, and the motion passed unanimously.

Cash Position / Portfolio Activity and Watch List as of April 30, 2007 / Loan Charge Off Approval for the Fiscal Year Ending June 30, 2007 and Loan Reserve Allocation Report for the Fiscal Year Ending June 30, 2008

Mr. DeMerchant asked Mr. Scolavino to compare prior year to current year's cash position after write-offs and reserves. Following Mr. Scolavino's response to this and additional questions posed by Mr. DeMerchant, Mr. Saul suggested that going forward staff present the five-year comparison format that was compiled by Mrs. Tikoian. Under review of the Portfolio Activity and Watch List Mr. Moses asked Mr. Scolavino questions concerning Davin, Inc. Mr. Scolavino performed reviews of the Loan Charge Off and Loan Reserve Allocation Reports. Mr. Moses noted that it is historically start-ups that are problem accounts. Following discussion, a motion to accept these reports as submitted was made by Mr. DeMerchant, was

seconded by Mr. Parsons, and was unanimously approved.

Policy Memorandum

Mr. Queenan presented his Memorandum dated May 21, 2007 to the Board concerning suggested policy for loan recommendations or denials. Review of the memorandum and discussion followed, after which, a motion was made by Mr. Parsons, was seconded by Mr. DeMerchant, and was unanimously approved to adopt the proposed policy, a copy of which is attached hereto and made a part hereof.

EXECUTIVE SESSION

At 10:14 a.m. Mr. DeMerchant made a motion to move the next portion of the meeting into Executive Session pursuant to the Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of RI 1956 (1988 Reenactment), as amended.

Mr. Parsons seconded the motion, which passed unanimously.

Mr. Whitney then exited the room.

Upon a motion made by Mr. Parsons and seconded by Mr. DeMerchant, the Board unanimously voted to return to Public Session at 10:38 a.m.

At this point, Mr. Whitney returned to the meeting.

Executive Session Vote Ratification

The next item to come before the Board was the ratification of voting held during the Executive Session. The following votes were presented for ratification:

On behalf of the YMCA of Greater Providence previously approved \$600,000 loan extension request, to grant a six-month extension to the YMCA of Greater Providence subject the condition detailed in the Executive Session Minutes.

In connection with the Datum Dynamics, LLC \$150,000 Loan Application, to deny the request.

Mr. DeMerchant made a motion to ratify the aforementioned votes, Mr. Parsons seconded the motion, and the motion was passed unanimously.

Upon a motion made by Mr. Parsons, and seconded by Mr. DeMerchant, the Board unanimously voted to adjourn. The meeting concluded at 10:40 a.m.

Respectfully submitted,

Earl F. Queenan, Jr.

Director of Accounting & Finance