SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

September 4, 2008

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 September 4, 2008.

Present were Board Members: Raymond Fogarty, Edward Rendine, Richard DeMerchant, William Parsons and Thomas Stocker. Also present were: Michael Saul, Anthony Scolavino, Claudine Tikoian, Earl Queenan, and Alicia Pomfret, staff, along with
Thomas V. Moses and Carrie Abatiello, Legal Counsel.

Mr. Fogarty called the meeting to order at 9:32 a.m.

Adoption of Minutes and to Maintain the Confidentiality of the Executive Minutes
The first item to come before the Board was consideration for adoption of the Minutes of the Board Meeting held on July 24, 2008. Mr. Stocker motioned to approve the Public Session Minutes and

Executive Session Minutes as presented, Mr. DeMerchant seconded, and it was unanimously approved. Mr. Parsons motioned to Maintain the Confidentiality of the Executive Session Minutes, Mr. Stocker seconded, and the motion passed unanimously.

Cash Position / Portfolio Activity / Watch List / Forbearance Status Reports as of July 31, 2008

Mr. Scolavino presented and reviewed the Reports of Cash Position, Portfolio Activity, Watch List and Forbearance Status. Mr. Rendine asked Mr. Scolavino if the Board will be seeing an increase in charge off and forbearance activity. Mr. Scolavino discussed the loan loss reserve of $300,000 in the Micro Loan Fund and $800,000 in the aggregate of all Loan Funds combined. He discussed the Delinquency Report in detail, giving a status report of each entry from Core and Defense Funds: Benjamin Box Co., Genesis Distribution, Narragansett Pellet Corp., New England Environmental Services, Voyco Products, Inc., Water Cruises of RI, and Alidade Inc. He also reported on each entry in the Micro Loan Fund: Ada's Creations, Basically British, Colonial Aldana, Cutler Mills Acupuncture, 4K Insurance Agency, Lead Testing, Steven Lima d/b/a Crave, Solid Rock Properties and Whydata, Inc.

There were no Other Matters to be discussed in Public Session.

EXECUTIVE SESSION

At 9:42 a.m. a motion was made by Mr. Parsons, was seconded by Mr.

Stocker, and was unanimously approved to enter Executive Session.

At 10:56 a.m. a motion to return to Public Session was made by Mr. Parsons, was seconded by Mr. DeMerchant, and was approved unanimously.

A motion was made by Mr. Stocker, was seconded by Mr. Parsons, and was unanimously adopted to Ratify the Executive Session Votes taken on behalf of:

1. Colonial Mills, Inc., to approve a $125,000 loan, subject to the conditions outlined in the Executive Session Minutes.
2. Crisloid Products, Inc., to approve an extension of their loan commitment.
for two-months through October 31, 2008.
3. The Business Innovation Factory, to make a request to the USEDA requesting that the USEDA release $250,000 of the sequestered URI Grant Funds as a grant to the Business Innovation Factory.

Mr. Fogarty called for a motion to adjourn. Mr. Parsons motioned, Mr. DeMerchant seconded, and the motion was unanimously approved. The meeting adjourned at
10:57 a.m.

Respectfully submitted,

Earl F. Queenan, Jr.

Administrator