

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

September 22, 2011

PUBLIC SESSION

A monthly meeting of the Board of Directors (the "Board") of the Small Business Loan Fund Corporation (the "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 22, 2011 at approximately 9:00 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. Raymond Fogarty, Mr. Richard DeMerchant, Mr. William Parsons, Ms. Leslie Taito and Mr. Thomas Stocker.

The following Director(s) were absent: None

Also present were: Sean W. Esten, Corporation Administrator, Stacy Farrell, Corporation Staff, Susan Morgan, Corporation Administrator, Earl F. Queenan, Managing Director of Financial Services, and Tom Moses, Legal Counsel, Moses & Afonso, Ltd.

Mr. Fogarty presided over the meeting.

1. Call to Order.

Mr. Fogarty called the meeting to order at 9:09 a.m.

2. Approval of the Minutes of the Meeting Held on August 23, 2011 and Emergency meeting held August 31, 2011.

The first item to come before the Board was approval of the Public Session Minutes and the Executive Session Minutes of the Board meeting held on August 23, 2011 and Emergency meeting held August 31, 2011. Mr. Stocker noted that the Emergency meeting minutes had an error in that they indicated he was present when he was not. Ms. Farrell made note to make an adjustment to the minutes. Upon motion duly made by Mr. Stocker and seconded by Mr. Parsons, the motion to approve the Public Session Minutes and the Executive Session Minutes of the above noted meetings with the correction was duly adopted.

The following Directors voted in favor of the foregoing: Mr. DeMerchant, Mr. Parsons, Ms. Taito and Mr. Stocker.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: None

3. Maintain the Executive Minutes of August 23, 2011 as Confidential.

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on August 23, 2011. Upon motion duly made by Mr. Parsons and seconded by Ms. Taito, the motion to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on August 23, 2011 was duly adopted.

The following Directors voted in favor of the foregoing: Mr. DeMerchant, Mr. Parsons, Ms. Taito and Mr. Stocker.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: None.

4. Report of Cash Position as of August 31, 2011.

Mr. Esten indicated that there was a discrepancy on the report on the second page in that the one of the loans listed, Baccala Concrete in the amount of \$250,000, had funded prior to August 31, 2011 and should not be listed here. Additionally, Schulz Boat received \$100,000, of their \$200,000 loan. Therefore the commitment listed under *URI FUND* should be \$100,000, rather than \$450,000. There was no further discussion on this report.

5. Delinquency Loan Report as of September 15, 2011 and Discussion of Charge Off and Delinquency Procedure.

Mr. Noack was not present to discuss the current Delinquency report however he did provide the Board with a written update regarding the status of these loans (attached). There were no questions from the Board regarding this report. Mr. Moses suggested that a subcommittee be formed in order to review delinquent loans and implement the *SBLFC Credit Rating, Loan Loss Reserve and Charge off Policy (attached)*. Ms. Taito, Mr. DeMerchant and Mr. Moses volunteered to take part in this subcommittee. Mr. Moses suggested the subcommittee meet prior to the next regularly scheduled meeting of the SBLFC Board and address the full Board at the next meeting. There was no further discussion on this matter.

6. Review of SBLFC Marketing Material

Ms. Farrell presented a possible marketing brochure for the SBLF loan program. Mr. Stocker expressed concern with the verbiage that stated the fund provides “up to \$250,000 in working capital”. He stated it was not clear where this information was derived from as the administrative plan for the SBLFC stated loans could be made up to \$500,000.

Staff advised that the plan limit gave the Board the opportunity to grant a request of up to \$500,000; however the adopted policy for the program was to not exceed \$250,000 to any one company. Mr. Stocker asked that staff provide approved documentation stating this at the next meeting. There was no further discussion regarding this matter.

7. Executive Session

Mr. Fogarty suggested that the Board move into Executive Session. Upon motion duly made by Mr. Parsons and seconded by Ms. Taito, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of Rhode Island, as amended, was duly adopted.

The following Directors voted in favor of the foregoing: Mr. DeMerchant, Mr. Parsons, Ms. Taito and Mr. Stocker.

The following Directors voted against the foregoing: None.
The following Directors were absent for the vote: None.

Public session concluded and executive session began at 9:27 a.m.

8. Executive Session Vote Ratification

Mr. Fogarty called for ratification of the votes adopted during Executive Session. Upon motion duly made by Mr. Parsons and seconded by Ms. Taito, the following votes were ratified:

- (a) To deny the request for a \$250,000 loan by Liquid Health Labs, Inc.
- (b) To approve the request for a \$150,000 loan by Vogue Communications.

The following Directors voted in favor of the foregoing: Mr. DeMerchant, Mr. Parsons, Ms. Taito and Mr. Stocker.

The following Directors voted against the foregoing: None.
The following Directors were absent for the vote: None.

There being no further business to come before the Board, Mr. Fogarty called for a vote to adjourn the meeting. Upon motion duly made by Mr. Parsons and seconded by Ms. Taito, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. DeMerchant, Mr. Parsons, Ms. Taito and Mr. Stocker.

The following Directors voted against the foregoing: None.
The following Directors were absent for the vote: None.

The meeting was adjourned at 10:19 a.m.

Respectfully submitted,

/s/ Sean Esten
Sean W. Esten, Administrator

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