

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

February 7, 2013

PUBLIC SESSION

A special 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 Thursday, February 7, 2013, scheduled for 9:30 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, Ms. Yahaira Placencia Mr. John Pagliarini, and Mr. Richard DeMerchant.

The following Director(s) were absent: Mr. Jose Monteiro.

Also present were: Sean Esten, Corporation Administrator, Armeather Gibbs, RIEDC Staff, Stacy Farrell, Corporation Secretary, Denise Barge, Corporation Staff, Tom Moses, Esq., and Moses & Afonso, Ltd

Mr. Fogarty presided over the meeting.

1. Call to Order.

Mr. Fogarty called the meeting to order at 9:46 a.m.

2. Discussion regarding State Small Business Credit Initiative (“SSBCI”) program.

The first item to come before the Board was a discussion regarding the SSBCI program. Mr. Moses reviewed portions of the Memorandum of Understand (“MOU”) between the Department of Administration (“DOA”), the Rhode Island Economic Development Corporation (“RIEDC”) and the Small Business Loan Fund (“SBLFC”) with the Board (Exhibit A). Mr. Moses asked the Board to review the “*General Responsibilities*” section on page 2 of the document. He noted that prior to the execution of the agreement he did not review the document on behalf of SBLFC as its counsel. He asked that staff review the minutes to determine when the Board was apprised of the application approval for the funds for the SSBCI program. He noted that the compliance audit which had been suggested at the previous board meeting relating to these finds was recommended. He suggested that the audit not focus solely on prior handling of the funds but also encompass review of the current process to ensure there is compliance going

forward. Mr. Moses then asked that the Board also review #19 in the document referencing *Indemnification*. His suggestion was for the Board to speak with a representative from RIEDC and review the minutes of the RIEDC Board meetings to determine who was authorized to execute the documents on behalf of RIEDC as well as SBLFC. He further noted that SBLFC should seek Indemnification to mirror that which had been granted to DOA from RIEDC. Upon conclusion of this discussion a motion was made by Mr. Pagliarini and seconded by Mr. DeMerchant asking that staff and counsel review the documents and approvals granted by RIEDC and to return with a recommendation for the Board at a subsequent meeting regarding further suggested action.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Yahaira Placencia and Mr. DeMerchant.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. Jose Monteiro.

Executive Session

Mr. Fogarty suggested that the Board move into executive session. Upon motion duly made by Mr. Parsons and seconded by Mr. DeMerchant, 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. Pagliarini, Ms. Yahaira Placencia and Mr. DeMerchant.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. Jose Monteiro.

Public Session concluded and Executive Session began at 10:20 a.m.

3. Executive Session Vote Ratification

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

- (a) For legal counsel to review any outstanding documentation required to be provided by partners and to send correspondence requesting these items on behalf of SBLFC.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Yahaira Placencia and Mr. DeMerchant.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. Jose Monteiro.

4. Other Business

There was no further business to come before the Board.

5. Adjournment

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. Pagliarini and seconded by Mr. DeMerchant, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Yahaira Placencia and Mr. DeMerchant.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Mr. Jose Monteiro.

The meeting was adjourned at 11:08 a.m.

Respectfully submitted,

/s/ Stacy Farrell
Stacy Farrell, Secretary