

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

March 28, 2013

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 Thursday, March 28, 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. John Pagliarini, Mr. Richard DeMerchant, Ms. Yahaira Placencia and Mr. Jose Monteiro.

The following Director was absent: Mr. Raymond Fogarty.

Also present were: Sean Esten, Corporation Administrator, Daniel Price, Corporation Administrator, Armeather Gibbs, RIEDC Staff, Christopher Cannata, Corporation Staff, Tom Moses, Esq., Moses Afonso Ryan Ltd. and Ellen Corneau, Moses Afonso Ryan Ltd.

Mr. DeMerchant presided over the meeting.

1. Call to Order.

Mr. DeMerchant called the meeting to order at 9:40 a.m.

2. Approval of the Minutes of the Meeting held on January 24, 2013

The first item to come before the Board was approval of the Minutes of the Board meeting held on February 21, 2013. Upon motion duly made by Ms. Placencia and seconded by Mr. Monteiro, the motion to approve the Public and Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Mr. DeMerchant.

The following Directors voted against the foregoing: None
The following Director was absent for the vote: Mr. Fogarty.

3. **Maintain the Executive Minutes of the February 21, 2013 meeting 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 January 24, 2013. Upon motion duly made by Ms. Placencia and seconded by Mr. Monteiro, the motion to maintain the confidentiality of the Executive Session Minutes of the above noted meeting as presented was duly adopted.

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

The following Directors voted against the foregoing: None
The following Director was absent for the vote: Mr. Fogarty.

Mr. Monteiro joined the meeting at this time

4. **Report of Cash Position as of February 28, 2013.**

Staff asked if there were any questions or comments regarding the Cash Report for the period ended February 28, 2013 (Exhibit A). There was some discussion regarding potential applicants and the strength of the current pipeline. Mr. Esten noted that recent efforts were being made to reach out to individual companies and interest in the program has recently increased. The Board discussed the possible sequestration of funds by EDA. Discussion regarding potential military opportunities ensued. There was no further discussion regarding this report.

5. **Delinquency Loan Report as of March 21, 2013**

Mr. Esten asked if there were any questions regarding the Loan Delinquency report dated March 21, 2013 (Exhibit B). There being none, Mr. Esten noted that further discussion would take place in Executive Session regarding any legal action to be taken against delinquent Borrowers.

6. **Compliance Audit Firm Selection**

Mr. Esten provided the Board with a summary of the bids received from LGL&D and Lyon Park (Exhibit C). He stated that Lyon Park was the leader because of superior qualifications and loan cost. Ms. Placencia noted that every effort was made to choose a Rhode Island firm, but the cost differential was too great. There being no further discussion regarding this policy suggestion, Mr. DeMerchant asked for a motion by Board members. Upon motion duly made by Mr. Monteiro and seconded by Mr. Pagliarini, the motion to approve Lyon Park as the Compliance Audit Firm was duly adopted.

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

The following Directors voted against the foregoing: None

The following Director was absent for the vote: Mr. Fogarty

7. Hurricane Sandy Loan Program

Mr. Esten reported in the Hurricane Sandy Loan Program. Nineteen requested information, nine applications were received; two were non-compliant, three loans were approved with two closed and one to be closed. Staff provided an outline of the results as a handout (Exhibit D).

Executive Session

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

The following Directors voted against the foregoing: None

The following Director was absent for the vote: Mr. Fogarty

Public Session concluded and Executive Session began at 9:55 a.m.

8. Executive Session Vote Ratification

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

(a) To confirm the loan denials of the following company:

- The Alive Academy - \$25,000

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

The following Directors voted against the foregoing: None

The following Director was absent for the vote: Mr. Fogarty

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

The following Directors voted against the foregoing: None
The following Director was absent for the vote: Mr. Fogarty

(b) To approve the credit amendment for Medfx.

9. Other Business

There was discussion regarding the Cluck Loan. Staff advised the Board of conditions and requirements that made the Borrower choose conventional financing. There was no further business to come before the Board.

The Board discussed the new disclosure regarding loan delinquencies on the EDC website required by the Governor's office. A major comprehensive discussion ensued. The Board had several concerns regarding the disclosures dampening lending. Mr. Parsons joined the meeting at 10:30 a.m. for part of the discussion.

10. Adjournment

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

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

The following Directors voted against the foregoing: None
The following Director was absent for the vote: Mr. Fogarty

The meeting was adjourned at 10:45 a.m.

Respectfully submitted,

/s/ Sean Esten

Sean Esten, Administrator