

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

February 27, 2014

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 Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on Thursday, February 27, 2014, 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, Ms. Yahaira Placencia, and Mr. Richard DeMerchant.

The following Directors were absent: Mr. Raymond Fogarty and Mr. Joseph Monteiro.

Also present were: Mr. William Ash, Director of Financial Services for the Rhode Island Commerce Corporation, Ms. Stacy Farrell, Corporation Secretary, Mr. Daniel Price, Corporation Administrator, Ms. Denise Barge, Corporation Staff, Mr. Marcel Valois, Executive Director of the Rhode Island Commerce Corporation, Mr. Christopher Cannata, Manager of Client Services for the Rhode Island Commerce Corporation, and Mr. Tom Moses, Esq., Moses Afonso Ryan Ltd.

Mr. DeMerchant presided over the meeting.

1. **Call to Order.**

Mr. DeMerchant called the meeting to order at 9:33 a.m.

2. **Approval of the Minutes of the Meeting held on January 30, 2013**

The first item to come before the Board was approval of the Minutes of the Board meeting held on January 30, 2014. Mr. Pagliarini noted the last name of Mr. Ash had been misspelled at the bottom of the second page. A motion was duly made by Mr. Pagliarini and seconded by Ms. Placencia, to approve the Public and Executive Session Minutes of the meeting, with the correction noted above, was duly adopted.

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

The following Directors voted against the foregoing: None

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

3. Maintain the Executive Minutes of the January 30, 2014 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 30, 2014. Upon motion duly made by Ms. Placencia and seconded by Mr. Pagliarini, 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, Ms. Placencia, and Mr. DeMerchant.

The following Directors voted against the foregoing: None

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

4. Report of Cash Position as of January 31, 2014

Staff asked if there were any questions or comments regarding the Cash Report for the period ended January 31, 2014 (Exhibit A). Staff noted that sequestered funds were now included in the report. Mr. Price also indicated that the commitment to Olneyville was valid for up to 18 months and that he would provide a follow up status on the project at a future meeting. There was no further discussion regarding this report.

5. Delinquency Loan Report as of February 21, 2014

Mr. DeMerchant asked if there were any questions regarding the Loan Delinquency report dated February 21, 2014 (Exhibit B). Mr. Price noted that further discussion could take place in Executive Session regarding any legal action to be taken against delinquent Borrowers. It was also noted that staff anticipated charging off the loans to RIBCO and NAIAD at the March meeting.

6. Discussion regarding possible amendments to the SBLFC By-laws

Mr. Moses stated the Rhode Island Commerce Corporation board of directors wished to expand the board of the SBLFC from five members to seven members. He noted the current By-Laws for the Corporation specifically indicates that a quorum consists of three members. He advised the Board that a seven member board should not have three as a quorum and recommended they vote to revise the By-Laws

Upon motion duly made by Mr. Pagliarini and seconded by Ms. Placencia, the motion to revise its By-Laws to reflect a quorum as being a majority of currently appointed board members was duly adopted.

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

The following Directors voted against the foregoing: None

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

7. Other Business

Mr. Ash advised the Board of a potential new Board appointment and gave some background on the candidate. He stated the full Commerce RI Board planned to vote on this matter at their next meeting. He also advised the Board that a policy and procedure manual for the program had been completed for both the SBLFC and State Small Business Credit Initiative (“SSBCI”) program.

Mr. Valois provided the board with an update regarding the SSBCI program. He advised the board that the federal review of the Rhode Island program was nearly complete. The Office of the Inspector General (“OIG”) was in the process of finalizing the report which was expected to be completed by February. It would then be provided to the Department of Administration for review and comment. He noted that he would keep the board apprised of the progression of this report.

Executive Session

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

The following Directors voted against the foregoing: None

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

Public Session concluded and Executive Session began at 9:56 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 approve the request from Contech Research, Inc. for a \$150,000 loan subject to the conditions outlined in executive Session.

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

The following Directors recused from voting: Ms. Placencia.

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

(b) To approve the request from Aidance Skincare and Topical solutions, LLC for a \$500,000 loan subject to the conditions outlined in executive Session.

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

The following Directors abstained from voting on the foregoing: Mr. DeMerchant

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

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

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

The following Directors voted against the foregoing: None

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

The meeting was adjourned at 10:55 a.m.

Respectfully submitted,

/s/ Stacy Farrell
Stacy Farrell, Secretary