

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

July 31, 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, July 31, 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. Raymond Fogarty, Mr. John Pagliarini, Ms. Antonieta Falconi, Ms. Yahaira Placencia and Mr. Richard DeMerchant.

The following Directors were absent: Mr. Joseph Monteiro, and Mr. Lee Mercer.

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 Administrator, Mr. Christopher Cannata, Manager of Client Services for the Rhode Island Commerce Corporation, and Mr. John Garrahy, Esq., Moses Afonso Ryan Ltd.

Mr. Fogarty presided over the meeting.

1. **Call to Order.**

Mr. Fogarty called the meeting to order at 9:34 a.m.

2. **Approval of the Minutes of the Meeting held on May 29, 2014**

The first item to come before the Board was approval of the Minutes of the Board meeting held on May 29, 2014. A motion was duly made by Ms. Placencia and seconded by Mr. DeMerchant, to approve the Public and Executive Session Minutes of the meeting noted above was duly adopted.

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

The following Directors voted against the foregoing: None

The following Directors were absent for voting: Mr. Monteiro and Mr. Mercer.

3. Maintain the Executive Minutes of the May 29, 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 May 29, 2014. Upon motion duly made by Ms. Placencia and seconded by Mr. DeMerchant, 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. Fogarty, Ms. Placencia, Ms. Falconi, Mr. Pagliarini, and Mr. DeMerchant.

The following Directors voted against the foregoing: None

The following Directors were absent for voting: Mr. Monteiro and Mr. Mercer.

4. Report of Cash Position as of June 30, 2014

Staff asked if there were any questions or comments regarding the Cash Report for the period ended June 30, 2014 (Exhibit A). There was no discussion regarding this report.

5. Delinquency Loan Report as of July 24, 2014

Mr. Fogarty asked if there were any questions regarding the Loan Delinquency report dated July 24, 2014 (Exhibit B). Staff noted that one of the companies that was previously on the report, Safelight Security Advisors, had been acquired and paid off the debt to SBLFC. There was no further discussion regarding this report.

6. Addition of Tobey Waste discussion to agenda

Mr. Garrahy advised the Board of a matter that warranted discussion only at this meeting and asked that the board make a motion to add a discussion regarding Tobey Waste Disposal to the agenda. Upon a motion by Mr. Pagliarini and seconded by Ms. Placencia, the motion to add a discussion regarding Tobey Waste to the agenda was duly adopted.

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

The following Directors voted against the foregoing: None

The following Directors were absent for voting: Mr. Monteiro and Mr. Mercer.

7. Discussion Regarding Tobey Waste Settlement

Mr. Garrahy reminded the Board that at their April meeting they agreed to accept a settlement of the outstanding debt with Tobey Waste in the amount of \$150,000. The Providence Economic Development Partnership (“PEDP”) had also agreed to a settlement

with Tobey Waste; however the total amount offered by the client was \$300,000. Since PEDP had more outstanding debt they felt they should receive more than half of the settlement and have agreed to accept \$180,000 and have asked that SBLFC accept \$120,000. The original debt from both SBLFC and PEDP had been assumed by Tobey Waste from Cleanscape which was a charged off loan. Mr. Garrahy noted the Board would not be accepting the offer at this meeting since it was not originally on the agenda for a vote. The Board noted that Tobey should continue to seek financing to facilitate the settlement and that the item should be presented at the next meeting for a vote.

Executive Session

Mr. Fogarty 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)(2), 42-46-5(a)(5), 42-46-5(a)(6) and 42-46-5(a)(7) 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. Fogarty, Ms. Placencia, Ms. Falconi, Mr. Pagliarini, and Mr. DeMerchant.

The following Directors voted against the foregoing: None

The following Directors were absent for voting: Mr. Monteiro and Mr. Mercer.

Public Session concluded and Executive Session began at 9:46 a.m.

8. Executive Session Vote Ratification

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

- (a) To approve the request from Atlantic Footcare for a \$500,000 loan subject to the conditions outlined in executive Session.

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

The following Directors voted against the foregoing: None

The following Directors were absent for voting: Mr. Monteiro and Mr. Mercer.

- (b) To authorize staff to continue negotiations on behalf of SBLFC regarding the settlement of outstanding debt with Schulz Boat Company.

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

The following Directors voted against the foregoing: None

The following Directors were absent for voting: Mr. Monteiro and Mr. Mercer.

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

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

The following Directors voted against the foregoing: None

The following Directors were absent for voting: Mr. Monteiro and Mr. Mercer.

The meeting was adjourned at 10:30 a.m.

Respectfully submitted,

/s/ Stacy Farrell

Stacy Farrell, Secretary