

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF BOARD OF DIRECTORS **ACCESS TO CAPITAL SUBCOMMITTEE**

PUBLIC SESSION

MAY 9, 2011

The Access to Capital Subcommittee of the Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, May 9, 2011, in Public Session, beginning at 10:30 a.m., at the offices of the Rhode Island Economic Development Corporation located at 315 Iron Horse Way, Providence, Rhode Island, pursuant to notice of the meeting to all subcommittee members, and public notice of the meeting, a copy of which is attached hereto, as required by the By-Laws of the Corporation and applicable Rhode Island law.

The following individuals were present and participated throughout the meeting: Subcommittee Chairperson Ms. Cheryl W. Snead, Mr. Stephen Lane, Mr. J.L. Singleton, Mr. Jack Templin, Mr. Anthony Rust, Executive Director Keith Stokes, Mr. Michael Saul, Ms. Judy Chong, Mr. Fred Hashway, Mr. Peter Dorsey, Mr. Bob Bromley, Mr. Cap Willey, and Mr. Rory Smith.

Ms. Snead opened the meeting at 10:36 a.m. and the minutes from the previous meeting were approved. The subcommittee ideas matrix was distributed, which consists of the nine ideas/gaps that were identified at the last meeting, along with immediate Corporation proposed actions and catalytic ideas. Mr. Saul described the elements of the matrix. Mr. Lane commented that even with Slater and BetaSpring in place there remains a huge financing gap in between start-up seed and angel investors. He questioned whether a portion of the Job Creation Guaranty Act could be committed to fill the gap, to which Mr. Saul responded that such a proposal would require a statutory change. Mr. Stokes further noted that the Job Creation Guaranty Act "JCG" is a state moral obligation authority. Mike Saul explained that JCG is a debt credit enhancement program.

Ms. Snead asked about consolidating RIMES, PTAC and Chafee Center under one umbrella; which may enable additional federal dollars. Mr. Rust discussed economically targeted investments "ETI" to states and municipalities by investing state and other retirement funds into specific geographic regions while generating a market rate of return. It was noted that Corporation will organize a meeting with General Treasurer Raimondo to explore ways to encourage ETI. Mr. Dorsey brought up a Small Business Investment Corporation "SBIC" initiative for Slater Technology Fund. He also mentioned that Foresight Science & Technology, which helps companies with US Small Business Investment Research Grants. Mr. Dorsey stated that small and "life style" businesses continue to struggle with access to capital.

Mr. Willey also noted his concern with many one-off transactions and the need to focus on the larger market needs. He discussed On Deck Capital and its focus on small business loans and suggested looking into this company. Ms. Snead questioned whether On Deck could refinance credit card debt; which Mr. Wiley indicated it could. Mr. Saul commented on an alternative lending seminar that was held a few years ago and discussed the role for this type lending in this market.

The members of the subcommittee outlined the following priorities and focus items:

Subcommittee recommendations:

1. Equity Capital
 - a) *SSBCI Beta Spring/Slater/CAP*
 - b) *Appropriation bond \$20M*
 - c) *Zero stage bond*
2. High quality training and consulting
3. Facilitate environment for wide range financing for range of business
 - a) *Cultivate an outside partner(s) – 3rd parties*
 - 1) RBC, On-Deck Capital, BDC New England
 - b) *One stop/first stop for business financing*
 - c) *Benchmark national “best practice” program*
 - d) *Subject matter expert advisory board*

The meeting concluded at 12:30 p.m.

David M. Gilden, Secretary