

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

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

PUBLIC SESSION

APRIL 29, 2011

The Access to Capital Subcommittee of the Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Friday, April 29, 2011, in Public Session, beginning at 2:30 p.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, Executive Director Keith Stokes, Mr. Bill Parsons, Mr. Michael Saul, Mr. Fred Hashway, Mr. Peter Dorsey, Mr. Cap Willey, and Mr. Mark Hayward.

The meeting was called to order at 2:32 p.m. Mr. Saul, Deputy Director of the Corporation, gave a Powerpoint presentation. Mr. Lane noted that both the volume and quality of capital are important; he further stated that there is a generation of entrepreneurs which need to be tapped into. Members of the subcommittee questioned whether the \$45 million remaining in the Job Creation Guaranty Program (JCGP) could be invested in such things as Cherrystone or moved into new equity. Mr. Saul provided the subcommittee with background information on the JCGP and explained that it was not intended for equity investments, but instead for guaranty based credit enhancement. He further noted that a statutory change would be needed in order for the JCGP to provide new equity.

Ms. Snead discussed with the subcommittee the following gaps and suggestions: transitioning minority credit lending to urban businesses with a tie into the Governor's Main Streets initiatives; transforming of manufacturing and similar businesses with mature management and products into new products and ideas; and use of access to capital to help the unemployed. The subcommittee discussed the challenges of getting investment into early deals and the recent funding mainly of technology, while emphasizing the need to build businesses of all sizes, including small businesses and start-ups. The subcommittee discussed connecting with universities, the possibility of RI pensions investing, and angel funding. Mr. Saul noted the possibility of resurrecting various access to capital programs into an urban focused fund.

Mr. Stokes commented that the prospect of new state funding was dim, but that broadening and strengthening the use of existing funds is very possible. However, he

stressed the Corporation's need to avoid redundancy and the need to leverage the public/private partnership. The subcommittee focused in on ideas for further discussion, which included: (1) SBIR federal funding for transformation and start-ups; (2) urban funding tied into Main Streets initiatives; (3) gaps in seed funding; (4) transfer of funds to non-bank lenders as financing options; (5) restructure credit card debt program to improve business cash flow; (6) provide subject matter expert to help businesses determine how to obtain help; (7) resources and education through the EDC; (8) SBA guaranty fee/offering of a tax credit; and (9) access to capital to catalyze themed incubators.

The next subcommittee meeting was scheduled for Monday, May 9, 2011 at 10:30 a.m. at the Corporation's offices.

David M. Gilden, Secretary

1387986_1/3735-20