

# **RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

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

### **PUBLIC SESSION**

**SEPTEMBER 15, 2011**

The Access to Capital Subcommittee of the Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Thursday, September 15, 2011, in Public Session, beginning at 8:30 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 as indicated: Subcommittee Chairperson Ms. Cheryl Snead, Mr. Stephen Lane, Mr. J.L. Singleton, Mr. Peter Dorsey, Mr. Richard DiRienzo, Mr. Anthony Rust, Mr. Mark Hayward, Mr. Earl Queenan, Mr. Steve Noack, Mr. Sean Esten, Mr. Christopher Cannata, Mr. Bill Parsons, Ms. Alexandra Pezzello and Ms. Stacey Farrell.

Absent subcommittee members were: Ms. Janet Raymond and Mr. Cap Willey.

Ms. Snead opened the meeting at 8:40 a.m. and requested an update on the State Small Business Credit Initiative ("SSBCI") funds. Mr. Queenan reported that funds were approved for receipt by the Department of Administration (the "DOA") and were expected by the month's end. He explained that the Corporation is working to draft memorandums of understanding between the DOA, the Corporation and the anticipated recipients of the funds (Slater, Betaspring and the SBLF, as hereafter defined), which will set expectation on the use of the funds and will outline reporting requirements. With respect to the Job Creation Guaranty Program ("JCGP"), Mr. Queenan reported that there were 16 companies currently in the pipeline, which have requested a total of \$76 million in guaranties.

With respect to the Small Business Loan Fund ("SBLF"), Mr. Queenan reported that it has had nine deals close over the last few months which total \$2.2 million, with two additional applicants being presented at the next SBLF meeting in September. He stated that the current lending capability of that fund is now at \$1.75 million. Mr. Queenan suggested that each of the SSBCI partners should be required to make a status report to the subcommittee on a quarterly basis. Mr. Lane noted that annual presentations by the SSCBI partners to the Corporation's Board could also be beneficial and would be a useful tool in community building.

Ms. Snead moved to the next agenda item which was to discuss the current capital available to Rhode Island companies at various stages of their growth. She

compared Rhode Island's formational capital with that of Massachusetts and noted that while Rhode Island has accelerator funds through Betaspring, start-up or seed capital through Slater and Cherrystone, and venture capital through entities such as Point Judith, Providence Equity & Nordic Partners, Massachusetts has numerous entities which fill these capital needs for their businesses as well as numerous angel groups and venture lenders. Ms. Snead further reported that Massachusetts had many participants in the area of transformational capital, whereas the Rhode Island has limited resources in this area. Ms. Snead asked that the subcommittee members, as well as Corporation staff, work to identify the Massachusetts entities that offer the types of capital that Rhode Island does not and to try to gauge whether this money is mobile and could be available to Rhode Island companies as well.

Subcommittee members commented on the need to partner with educational institutions, as other states do, to build networks which could help entrepreneurs coming out of these institutions remain in Rhode Island. The members of the subcommittee discussed Rhode Island companies' use of capital programs in Massachusetts and the corollary business relocations. Ms. Snead stated that the entities involved in Massachusetts capital continuum should be identified and researched, then a program could be modeled after one or a combination of a programs which fit the needs of businesses within the State.

Ms. Snead stated that the subcommittee could consider moving into closed session to discuss a particular JCGP applicant. Ms. Pezzello explained to the Board that if it wished to enter into a closed executive session to discuss a certain Job Creation Guaranty Program application, the motion would be pursuant to the Open Meetings Act, R.I. Gen. Laws § 42-46-4, in order to discuss prospective businesses or industries locating in the State, under § 42-46-5(a)(6).

Upon motion duly made by Mr. Hayward and seconded by Mr. Rust, the following vote was adopted:

**VOTED:** That, pursuant to R.I. Gen. Laws § 42-46-4, the Open Meetings Act, the Subcommittee close the public session of this meeting and commence a closed session to consider a Job Creation Guaranty Program application and possibly take action on such matters as permitted under § 42-46-5(a)(6) (prospective business or industry locating in the state of Rhode Island) of the Open Meetings Act.

Voting in favor of the foregoing were: Ms. Snead, Mr. Lane, Mr. Singleton, Mr. Dorsey, Mr. DiRienzo, Mr. Rust and Mr. Hayward,

Voting against the foregoing were: None.

Members of the public were then asked to leave the boardroom for the closed session at 9:09 a.m.

The public session was reconvened at 10:12 a.m.

Upon a motion duly made by Mr. Dorsey and seconded by Mr. Lane, the following vote was adopted:

**VOTED:** That, pursuant to R.I. Gen. Laws §§ 42-46-4, 42-46-5 and 42-46-7, the Open Meetings Act, the minutes of the closed session shall not be made available to the public, except as to the portions of such minutes as the Subcommittee ratifies and reports in public session of this meeting.

Voting in favor of the foregoing were: Mr. Lane, Mr. Singleton, Mr. Stokes, Mr. Rust, Ms. Raymond, Mr. Willey.

Voting against the foregoing were: None.

Recused was: Mr. Hayward.

It was noted that, during the closed session, Mr. Hayward became aware that the JCGP applicant being considered had received a loan from the Small Business Administration ("SBA"). Due to Mr. Hayward's role as the SBA District Director, he recused himself from both the consideration and the discussion of the JCGP application.

Ms. Snead announced that there were no votes taken during the executive session and she noted that an additional meeting of the subcommittee would be held in order to allow the subcommittee to discuss the application further prior to its recommendation of the application for consideration by the Corporation Board. The members of the subcommittee decided to meet on September 26 at 4:30 p.m. immediately prior to the Corporation's Board meeting.

The meeting concluded at 10:16 a.m.

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David M. Gilden, Secretary