

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF BOARD OF DIRECTORS ACCESS TO CAPITAL SUBCOMMITTEE

PUBLIC SESSION

OCTOBER 20, 2011

The Access to Capital Subcommittee of the Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Thursday, October 20, 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. Earl Queenan, Mr. Steve Noack, Mr. Sean Esten, Mr. Peter Dorsey, Mr. Cap Willey, Ms. Janet Raymond, Mr. Christopher Cannata, Mr. Mark Hayward, Mr. Richard DeRienzo, Mr. Wayne Kezirian, Ms. Alexandra Pezzello and Ms. Stacy Farrell.

Absent subcommittee member: Mr. Anthony Rust.

Ms. Snead opened the meeting at 8:32 a.m. and began by welcoming new subcommittee member Mr. Wayne Kezirian from Johnson and Wales University.

Ms. Snead then asked that Mr. Queenan provide an update regarding the expected timeline for funding to arrive from the approved SSBCI application. Mr. Queenan reported that the funds were received by the Department of Administration. He stated the next step is to finalize memoranda of understanding between the Department of Administration and the Corporation, and between the Corporation, the Small Business Loan Fund Corporation, Slater Technology Fund and BetaSpring. Mr. Queenan noted that the first tranche of funds will be approximately \$4 million. He further noted that it is his recommendation that each recipient of funds provide a report regarding their use of funds on a quarterly basis to the Access to Capital subcommittee and make a formal presentation to the full Corporation Board every six months.

Mr. Esten was then asked to discuss his Memorandum to the Access to Capital subcommittee regarding the pricing matrix for determination of the Job Creation Guaranty Program ("JCGP") guaranty fee (see Exhibit A attached hereto). Mr. Esten explained that he was asked to create a pricing matrix to be used to determine the Corporation's guaranty fee based on risk, as opposed a fixed rate for all applicants. He stated that, should the subcommittee decide to implement the matrix, the matrix and supporting memoranda provide guidelines on to how to rate the credit of the applicants and assign a corresponding guaranty fee at a rate of interest equal to the matrix score

of the applicant. Members of the subcommittee requested that the pricing matrix score be included within the application materials provided to the subcommittee regarding each applicant. Members of the subcommittee discussed whether the guaranty fee plus the interest being charged by the lender was too low and whether a higher fixed rate was a better alternative to a fee based on the pricing matrix. It was additionally discussed whether a reduction in the guaranty fee could be applied to companies that meet their proposed benchmarks regarding employment. Members of the subcommittee agreed to discuss the determination of the Corporation's guaranty fee further at future meetings; however, they agreed to apply the pricing matrix guidelines and resulting guaranty fee to the JCGP application before the subcommittee.

Members of the subcommittee discussed the ideal jobs per \$1,000,000 of the Corporation's guaranty expectation for the JCGP and agreed that applicants recommended to the Board should create in the range of 8 to 12 jobs per \$1,000,000 of the Corporation's guaranty. It was further agreed that exceptions could be made if an applicant creates fewer jobs but more high-salary positions.

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. Willey and seconded by Ms. Raymond, 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. Mr. Dorsey, Mr. Willey, Ms. Raymond, Mr. Hayward, Mr. DeRienzo and Mr. Kezirian.

Voting against the foregoing were: None.

Members of the public were then asked to leave the boardroom for the closed session at 9:15 a.m.

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

Upon a motion duly made by Mr. Singleton and seconded by Ms. Raymond, 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.

Due to Mr. Hayward's role as the Small Business Administration District Director, he recused himself from both the consideration and the discussion of the JCGP application.

Ms. Snead announced that during the executive session the subcommittee unanimously voted to recommend the JCGP application of The Corporate Marketplace, Inc. to the Corporation Board for its consideration of the application.

Ms. Snead and Ms. Raymond provided information to the subcommittee regarding a Rhode Island venture capital forum. They indicated that the working list currently contains 8-12 venture capital firms. Both Ms. Snead and Ms. Raymond expressed interest in developing future forums, which would include these venture capital firms and would give them the opportunity to discuss their projects. They expressed interest in holding the first event in the spring of 2012. Mr. Queenan advised that there was a similar forum held at the Corporation last year. The subcommittee asked that staff to review the list of attendees at the past forum and develop a list of participants that could be used for upcoming events as well.

The meeting concluded at 10:25 a.m.

David M. Gilden, Secretary