

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

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

PUBLIC SESSION

December 5, 2011

The Access to Capital Subcommittee of the Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, December 5, 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, Suite 101, 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. J.L. Singleton, Mr. Stephen Lane, Mr. Peter Dorsey, Mr. Wayne Kezirian, Mr. Mark Hayward, Mr. Richard DeRienzo, Mr. Earl Queenan, Mr. Steve Noack, Mr. Sean Esten, Mr. Christopher Cannata, Ms. Alexandra Pezzello and Ms. Stacy Farrell.

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

Ms. Snead opened the meeting at 8:32 a.m. and asked Mr. Queenan to provide an update regarding the funding of the approved \$13.1 million from the SSBCI application. Mr. Queenan reported that the initial tranche of funds in the amount of \$4.3 million has been received from the Department of Administration. He noted the overall 10:1 leverage requirement of the \$13.1 million overall and the eighteen-month timeframe in which the funds must be drawn down. He stated that they are close to finalizing the memorandum of understanding ("MOU") among the Corporation and the Small Business Loan Fund Corporation ("SBLFC") and BetaSpring, which are both anticipated to receive funds from the initial tranche. Mr. Queenan reported that Slater Technology Fund ("Slater") would not be receiving funds from the initial tranche.

Ms. Snead asked Mr. Queenan to discuss the current status of the Minority Investment Development Corporation ("MIDC") and The Urban Revitalization Fund ("TURF"). He stated that there are ongoing discussions regarding the merger of MIDC and TURF into the SBLFC, due to the fact that both are not currently operational, but have funds and Small Business Administration 7(a) authority, which could be used to leverage the SSBCI funds.

Ms. Snead asked that Mr. Queenan address the current deal flow for the Job Creation Guaranty Program ("JCGP"). Mr. Queenan indicated that there are four applicants currently in the pipeline with the potential to be presented before the

subcommittee in the near future. The subcommittee agreed that applications not approved by the staff, need not be presented for consideration. Members of the subcommittee discussed the scoring matrix and its relationship to the Corporation's guaranty fee versus a fixed guaranty fee. It was agreed that there would be further discussion on this topic at the next subcommittee meeting. Mr. Esten addressed the issue of whether banks are not assuming enough risk in these transactions and whether the JCGP guaranty percentage should be reduced. Mr. Esten stated that this could cause banks to require hard asset collateral, which would cause a shift from the soft asset deals that were currently in the JCGP pipeline. He additionally noted that the current programs offered through the SBA fill this space on the capital continuum and the purpose of the JCGP was to fill a different space.

Ms. Snead stated that the subcommittee could consider moving into closed session to discuss the current JCGP application pipeline. Ms. Pezzello explained to the Board that if it wished to enter into a closed executive session to discuss a certain confidential information relating to JCGP applicants, 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. Singleton and seconded by Mr. DeRienzo, 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 Job Creation Guaranty Program applicants 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. 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 9:32 a.m.

The public session was reconvened at 9:55 a.m.

Ms. Snead announced that during the executive session no votes were taken except to end the closed session and to resume the public session.

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

VOTED: That, pursuant to Rhode Island General 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: Ms. Snead, Mr. Lane, Mr. Singleton, Mr. Dorsey, Mr. Hayward, Mr. DeRienzo, and Mr. Kezirian.

Voting against the foregoing were: None.

Ms. Snead suggested that the next meeting should be a strategic session used to specifically discuss the current process used to assess JCGP applicants, including a review of the program's Rules and Regulations and the program's application. She offered to host the meeting at Banneker Industries in North Smithfield from 8 a.m. to 11 a.m. on January 19, 2011. Mr. Lane suggested that the revised process include a presentation by the applicant earlier in the process, perhaps at the time an application was submitted. Mr. Hayward also suggested that future pipeline reports for the JCGP include recent dates of contact made with the company. Ms. Snead also suggested that companies be listed as either an attraction or expansion opportunity for the State.

The meeting was adjourned at 10:20 a.m., upon a motion duly made by Mr. Dorsey and seconded by Mr. Hayward.

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