

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

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

PUBLIC SESSION

January 19, 2012

The Access to Capital Subcommittee of the Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Thursday, January 19, 2012, in Public Session, beginning at 8:30 a.m., at the corporate headquarters of Banneker Industries, Inc. located at 582 Great Road, Suite 101, North Smithfield, 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. Cap Willey, Mr. Peter Dorsey, Mr. Wayne Kezirian, Mr. Anthony Rust, Mr. Richard DeRienzo, Mr. Jack Templin, Mr. Earl Queenan, Mr. Adam Quinlan, Mr. Dan Price, Mr. Sean Esten, Mr. Christopher Cannata, Ms. Judy Chong, Ms. Alexandra Pezzello, Ms. Stacy Farrell, and Mr. Antonio Afonso.

Mr. Robert Leaver and Mr. Rob Allen of New Commons were also present as facilitators throughout the meeting.

Absent subcommittee members were: Mr. J.L. Singleton, Mr. Mark Hayward and Ms. Janet Raymond.

Ms. Snead opened the meeting at 8:38 a.m. and asked if there were any questions or comments regarding the minutes for the meeting held on December 5, 2011. There being none, Ms. Snead invited Mr. Queenan to provide an overview of the current Corporation financing programs. Mr. Queenan provided the subcommittee an overview of the Job Creation Guaranty Program (JCGP) program pipeline and noted where the applicants fell along the capital continuum. With Mr. Leaver's facilitation, members of the subcommittee and Corporation staff discussed the current capital continuum in Rhode Island in relation to the JCGP program.

Mr. Leaver facilitated a discussion focused on the risk involved in the JCGP and it was determined that a stand-by letter of credit was not a program requirement that should be sought to decrease the risk of the program. There was a consensus that in order to "de-risk" the program, applicants should be adding equity into the deals. It was also concluded that, in order to balance risk within the program, the applicants should be from a broad range along the continuum, from more risk at the start-up level to less risk at the mezzanine level. The subcommittee members agreed that JCGP deals should not fall within the "accelerator" area of the continuum. An additional point made

was that the program should consider guarantying types of credit enhancements other than just bank-related guarantees.

Mr. Leaver facilitated a discussion regarding the Corporation's JCGP guaranty fees, including the desirability of having a variable/floating fee based on risk, a firm fixed fee or a variable fee that could be lowered if certain targets are reached. After discussion, the subcommittee agreed that the fees for the JCGP program should be firm and fixed. The amount of the fixed fee would be decided at a later date. It was determined that a fixed fee would allow for the least administrative effort to implement and would ultimately lead to more administrative capacity to do more deals.

Mr. Leaver facilitated the remainder of the discussion on the following topics: possible ways to streamline the loan application process, possible pre-qualifying criteria, and required documentation for applicants. Members of the subcommittee also discussed the current rules and regulations of the JCGP. Mr. Leaver noted that the goal of the discussion was to emerge with a clear message to the market of early stage entrepreneurs, the legislature and the Governor's office. Members of the subcommittee expressed the need to quantify the value of the creation of one job within the State, beyond merely the state income tax benefits.

In conclusion, Mr. Leaver identified topics and open ended questions which should be addressed at the next meeting of the Access to Capital subcommittee.

The meeting was adjourned at 11:14 a.m., upon a motion duly made by Mr. Dorsey and seconded by Mr. Willey.

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