

# **RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

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

### **PUBLIC SESSION**

**February 16, 2012**

The Access to Capital Subcommittee of the Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Thursday, February 16, 2012, 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 subcommittee members were present and participated throughout the meeting as indicated: Subcommittee Chairperson Ms. Cheryl Snead, Mr. J.L. Singleton, Mr. Mark Hayward, Mr. Peter Dorsey, Mr. Wayne Kezirian, and Mr. Richard DeRienzo.

Also present were: Mr. Richard Horan of Slater Technology Fund, Mr. Earl Queenan, Mr. Adam Quinlan, Mr. Dan Price, Mr. Sean Esten, Mr. Christopher Cannata, Ms. Alexandra Pezzello and Ms. Stacy Farrell.

Mr. Robert Leaver of New Commons was present as a facilitator for the meeting.

Absent subcommittee members were: Mr. Anthony Rust, Mr. Stephen Lane, Mr. Grafton Willey and Ms. Janet Raymond.

Ms. Snead opened the meeting at 8:37 a.m. and asked if there were any questions or comments regarding the minutes for the meeting held on January 19, 2012. There being none, Ms. Snead invited Mr. Leaver to facilitate further discussion regarding the Job Creation Guaranty Program (the "JCGP"). Mr. Leaver reviewed the points from the prior meeting and noted that the members of the subcommittee had determined that the JCGP could work in all stages on the capital continuum, except accelerator, with its "sweet spot" in the area of start-ups through mezzanine debt. Members of the subcommittee questioned and discussed whether JCGP could or should be used to guaranty angel investors, venture debt, or corporate foundations, in addition to bank debt.

Members of the subcommittee next discussed pre-qualifying criteria for the JCGP. Ms. Snead suggested that a workgroup of Corporation staff review this topic and present its finding at the next meeting of the subcommittee. Members of the subcommittee discussed and determined that there should be certain loan parameters for the JCGP. The subcommittee agreed that the JCGP should charge a fixed guaranty

fee of 4%. The subcommittee also reached a consensus that loan amounts should range from \$250,000 to a maximum of \$10 million. Members of the subcommittee discussed the utility of a personal guaranty requirement and determined that a guaranty would be required for each deal. However, the identity of the guarantor can be addressed on a case by case basis, but, at minimum, at least one owner/operator should be required to sign a guaranty. Members of the subcommittee requested further information and figures from Corporation staff regarding the overall economic impact of one job in the State. Members of the subcommittee agreed to further finalize their consensus on the key message points for the JCGP prior to communicating the messages to the Corporation Board and the Governor's office.

Ms. Snead asked Mr. Queenan to discuss the current status of the State Small Business Credit Initiative ("SSBCI") funds. Mr. Queenan indicated that Betaspring, Slater Technology Fund and the Small Business Loan Fund had each received its first allocation of funds. He suggested that Betaspring and Slater each provide updates to the subcommittee regarding their disbursement of the SSBCI funds at a future subcommittee meeting. Mr. Queenan indicated that he hoped to have the required 80% of the first tranche lent out by the end of April in order to request the second tranche.

The meeting was adjourned at 10:12 a.m., upon a motion duly made by Mr. Dorsey and seconded by Mr. Kezirian.