

## **RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

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

#### **PUBLIC SESSION**

**July 19, 2012**

The Access to Capital Subcommittee of the Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Thursday, July 19, 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. Jerauld Adams, Mr. Peter Dorsey, Mr. Stanley Weiss, Mr. Cap Willey, Ms. Janet Raymond, Mr. Wayne Kezirian, and Mr. Richard DeRienzo.

Also present were: Mr. Earl Queenan, Mr. Adam Quinlan, Mr. Dan Price, Mr. Christopher Cannata, Ms. Denise Barge, and Ms. Stacy Farrell members of the Corporation Finance Staff. Also present were Mr. Douglas Giron and Ms. Rene Pickett, legal counsel for the Corporation from the law firm of Shechtman Halperin Savage LLP.

Absent subcommittee members were: Mr. Anthony Rust, and Mr. Mark Hayward.

Ms. Snead opened the meeting at 8:33 a.m. and began by introducing two new subcommittee members; Mr. Jerauld Adams and Mr. Stanley Weiss. She noted that these two members would be replacing Mr. Lynn Singleton and Mr. Steven Lane who had resigned from the Corporations Board following the last meeting.

Ms. Snead then asked if there were any questions or comments regarding the minutes for the meeting held on April 19, 2012. There were no comments on the minutes.

Ms. Snead noted that the next agenda item regarding a status update from BetaSpring in regards to funding received through the State Small Business credit Initiative ("SSBCI"), would be heard at the next subcommittee meeting as would the agenda item reflecting the economic value of a Rhode Island job, as the presenters for these items were unavailable for this meeting.

Mr. Queenan provided an update regarding the Corporations financing programs. He began with an overview of the State Small Business Credit Initiative ("SSBCI") funds. He reminded the subcommittee that \$13.1 million had been awarded to the state

through this initiative. The initial tranche of funds totaled \$4.3 million and was distributed over three entities which included \$1.2 million to the Slater Technology Fund, \$1.4 million to BetaSpring, and \$1.5 million to the Small Business Loan Fund ("SBLF"). He stated that the remainder of the \$4.3 million was to be used for administrative costs.

Mr. Queenan indicated that the SBLFC has funded two projects through the initiative to date for a total of \$300,000. An additional project was approved for \$500,000; however the commitment did not close and has since expired. The SBLFC currently has potential applicants requesting a total of \$375,000 in funds. These were expected to be presented at the July meeting of the SBLFC Board of Directors for consideration. Mr. Queenan noted that there was approximately \$1 million in lending availability through the SBLFC at this time through the initiative.

Mr. Queenan then discussed the existing portfolio of the SBLFC. He noted that the SSBCI funds were administered through the SBLFC; however these funds were separate from the grants received through the U.S. Economic Development Agency ("EDA") which originally funded its revolving loan fund. He stated that as of July 1, 2012 the SBLFC has a performing portfolio of approximately \$9.2 million. He noted that there is a loan which has also obtained Board approval but has yet to fund in the amount of \$200,000. Additionally, there are four applicants which are anticipated to be presented at the July Board meeting. The total request over these four deals is equal to \$775,000. Mr. Queenan noted that the SBLFC has approximately \$2 million to lend at this time.

Mr. Queenan then briefed the subcommittee regarding the Job Creation Guarantee Program ("JCGP"). He stated that the total approved by the General Assembly for this program is \$125 million. He stated that, to date, there were three recipients of guarantees through the JCGP. They were 38 Studios, which received a \$75 million guarantee, NuLabel Technologies, which received a \$1.5 million guarantee, and The Corporate Marketplace, which received a \$4 million guarantee. He noted that there was an applicant seeking a \$1 million guarantee which would be brought before the subcommittee at the current meeting. He also stated that there were three potential applicants in the pipeline, requesting a total of \$5 million in guarantees.

Ms. Snead asked if there was currently a marketing effort taking place for the programs offered by the Corporation. Mr. Queenan deferred to Ms. Judy Chong who is the current Managing Director of Marketing, Communications & Evaluation for the Corporation. Ms. Chong noted that a marketing plan had been developed for the programs but was not currently active. Ms. Snead asked that Ms. Chong and her team continue to work on this effort and brief the subcommittee on its efforts at the next subcommittee meeting.

The subcommittee then entered a discussion regarding the review and follow up of JCPG's portfolio. This resulted in the suggestion that upon the company's receiving the guarantee, the Corporation's financial portfolio manager should provide quarterly reports to the subcommittee, as well as an annual report when the Corporation receives year-end financial statements from the company. It was suggested that staff and

subcommittee members submit suggested formats of these reports to Ms. Snead. This would be discussed further at the next subcommittee meeting.

Ms. Snead made note that an applicant for the JCGP was prepared for review at the current meeting and explained that the subcommittee could consider moving into closed session to discuss a JCGP application. Mr. Giron explained to the Board that if it wished to enter into a closed executive session to discuss certain confidential information relating to a JCGP 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) and in order to discuss the investment of public funds, under § 42-46-5(a)(7).

Upon motion duly made by Mr. Adams and seconded by Mr. Weiss, 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 application and possibly action on such matters as permitted under § 42-46-5(a)(6) (prospective business or industry locating in the state of Rhode Island) and § 42-46-5(a)(7) (investment of public funds) of the Open Meetings Act.

Voting in favor of the foregoing was: Ms. Snead, Mr. Adams, Mr. Dorsey, Mr. Weiss, Mr. Willey, Ms. Raymond, and Mr. DeRienzo.

Voting against the foregoing was: Mr. Kezirian

Absent was: Mr. Hayward and Mr. Rust

Members of the public were then asked to leave the boardroom for the closed session at 9:03 a.m.

The public session was reconvened at 10:09 a.m.

Upon a motion duly made by Mr. Dorsey and seconded by Mr. Willey, 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. Adams, Mr. Dorsey, Mr. Weiss, Mr. Willey, Ms. Raymond and Mr. DeRienzo and Mr. Kezirian.

Voting against the foregoing were: None.

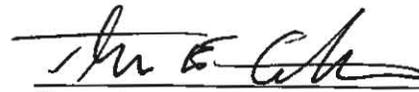
Absent was: Mr. Hayward and Mr. Rust

Ms. Snead announced that during the executive session the subcommittee unanimously voted to recommend the JCGP application of E-Now LLC, to the Corporation Board for its consideration of the application.

Ms. Snead addressed a concern of Mr. Kezirian regarding the subcommittee's covering in executive session to discuss the JCGP applicants. Mr. Kezirian felt it would be proper for the subcommittee to outline the request of the applicant company in public session prior to discussing any of the proprietary information of the company in executive session. Ms. Snead asked that staff develop a template for a power point slide which would outline the request of the company and give a brief overview of the company background which could be used going forward in public session. This item would be discussed at the next meeting of the subcommittee.

Ms. Snead noted that the next meeting of the subcommittee scheduled for Thursday, August 16, 2012 would not be held. The September meeting is scheduled for Thursday, September 20, 2012 at 8:30 a.m.

There being no further business in public session, the meeting was adjourned at 10:20 a.m., upon a motion duly made by Mr. Dorsey and seconded by Mr. Willey, which was approved unanimously.

  
Secretary