

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF BOARD OF DIRECTORS

ACCESS TO CAPITAL SUBCOMMITTEE

PUBLIC SESSION

February 11, 2013

The Access to Capital Subcommittee of the Board of Directors of the Rhode Island Economic Development Corporation (the “Corporation”) met on Monday, February 11, 2013, in Public Session, beginning at 8:35 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 Exhibit A, 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. Cap Willey, Mr. Richard DeRienzo and Mr. Raymond Fogarty.

Also present were: Mr. Sean Esten, Mr. J.R. Pagliarini and Mr. William Parsons of the Corporation. Also present was Mr. Matthew Shechtman, legal counsel for the Corporation from the law firm of Shechtman Halperin Savage, LLP.

Absent subcommittee members were: Mr. Mark Hayward, Mr. Anthony Rust, Mr. Stanley Weiss and Ms. Janet Raymond.

Ms. Snead asked Mr. Fogarty, who is also a board member of the Small Business Loan Fund Corporation (the “SBLFC”), to provide a status update with respect to the State Small Business Credit Initiative (“SSBCI”) projects. Mr. Fogarty briefly discussed his history with the SBLFC and the recent challenges the SBLFC has endured. He indicated that the SBLFC has had very little activity and few requests for funding, and attributed such inactivity to the recent negative press associated with the 38 Studios, LLC transaction. Mr. Fogarty then went on to discuss the SBLFC’s role with respect to the SSBCI projects and the current status of the same. He explained that the SSBCI funds are distributed from the United States Treasury to the Rhode Island Department of Administration (the “DOA”) and then to the SBLFC. Once the SBLFC has the SSBCI funds, it distributes said funds to BetaSpring and Slater Technology Fund, who then provide loans to qualifying applicants. Mr. Fogarty expressed his concern regarding the potential liability that he and the other board members of the SBLFC face with respect to the use and reporting requirements associated with the SSBCI funds, in light of the fact that the SBLFC merely acts a pass-through agency and is not involved in the process of providing loans with the SSBCI funds. Mr. Parsons added that he had scheduled meetings with the DOA to discuss liability issues and indicated that he hoped to resolve any liability issue that may exist by restructuring the agreement between the SBLFC and the DOA with respect to the SSBCI funds. Mr. DeRienzo

and Mr. Dorsey suggested that an indemnification from the DOA may resolve the issue without the need to restructure any existing agreements. Mr. Fogarty concluded by noting that the SBLFC has been a very successful means of funding local small businesses and indicated that additional capital infusion from the State of Rhode Island would only serve to increase its success.

Ms. Snead asked if there were any questions or comments regarding the minutes for the meeting held on January 17, 2012. There were no comments on the minutes.

Upon motion duly made by Mr. Adams and seconded by Mr. DeRienzo, the following vote was adopted:

VOTED: To approve the Public Session Minutes of the meeting held on January 17, 2012, as submitted to the Access to Capital Subcommittee.

Voting in favor of the foregoing were: Ms. Snead, Mr. Adams, Mr. Dorsey, Mr. Willey, Mr. DeRienzo, and Mr. Fogarty.

Voting against the foregoing were: None.

Ms. Snead then asked Mr. Esten to provide a status update with respect to the Corporation's Finance Programs. Mr. Esten began by reiterating that there has been very little activity and few requests for funding received by the SBLFC. He then went on to discuss the Job

Creation Guaranty Program (the “JCG Program”). Mr. Esten indicated that the JCG Program has been largely successful and that there is an active pipeline of companies seeking funding. He also noted that a majority of the active JCG Program loans are in the \$1,000,000 to \$5,000,000 range and that there is approximately \$43,000,000 in funds remaining in the JCG Program. Mr. Esten also discussed his plans to market the JCG Program to in-state businesses and noted a potential partnership with the Rhode Island Department of Labor and Training for in-state marketing efforts. He also discussed his desire to establish positive press to counteract the effects of the failed 38 Studios transaction. Mr. Esten suggested that a reporter from the Providence Journal accompany Corporation employees on a visit to a company that had a positive experience with the JCG Program. Ms. Snead and Mr. Willey suggested that the Providence Business News may be a better outlet to report on such a story. Mr. Esten concluded by discussing an upcoming Industrial Recreational Building Authority Project with respect to a high-end mobile home park in Hopkinton, Rhode Island.

Following Mr. Esten’s discussion, Ms. Snead requested that Mr. Esten prepare a visual presentation to be presented at the March 18th meeting. She requested that the presentation address all of the Corporation’s Finance Programs, where their respective funds have been disbursed, how they have been used, and what is in the pipeline.

Ms. Snead asked Mr. DeRienzo to briefly discuss the recently revived New Jersey Angel Investor Tax Credit. Mr. DeRienzo gave a brief overview of the New Jersey Angel Investor Tax Credit and indicated that a similar program targeted at the biosciences field and the knowledge district could be effective in Rhode Island. Mr. Pagliarini noted that the Governor was aware of the New Jersey Angel Investor Tax Credit and that he would be meeting with the Governor and Christine Hunsinger to discuss how a similar tax credit could benefit Rhode Island businesses.

Mr. Dorsey advised the board that Congressman David Cicilline recently introduced the Make It In America Manufacturing Act, H.R. 375, which is intended to target federal investment in manufacturing, help create jobs, generate public-private partnerships, and support small business growth in the manufacturing sector.

In addition, Mr. Willey indicated that a bill recently presented to the Rhode Island General Assembly, 2013 -- H 5478, expands direct expensing in Rhode Island to match the similar provision found in Section 179 of the Internal Revenue Code.

The subcommittee then entered a discussion regarding upcoming meetings. Ms. Snead noted that the March meeting will take place on March 18th.

There being no further business in public session, the meeting was

adjourned at 9:45 a.m., upon a motion duly made motion by Mr. Adams and seconded by Mr. DiRienzo, which was approved unanimously.

Secretary