

Rhode Island Economic Development Corporation

Enterprise Zone Council

Minutes of Meeting of March 1, 2005

RIEDC; 4th Floor, Room 1

One West Exchange Place

Providence, RI 02903

Attendance

Name Affiliation

Victor Barros (EDC Staff)

Bill Clark (Portsmouth - Business Development)

Alan Crisman (Mt. Hope Zone)

Ron Caniglia (Council Member)

Michelle M. Godin (Needs, Inc.)

Carmen Lorenzo (EZC Staff)

Rob Malevich (West Warwick Town Planner)

Thomas M. Madden (Legal Counsel)

Bill Parsons (Chairman's Designee)

Dan Varin (Council Member)

Michael Wood (Council Member)

There being a quorum present, Vice Chairman Varin called the meeting of the Enterprise Zone Council to order at approximately 10:00 AM.

The first item of business before the Council was consideration of the minutes of the Council's January 25, 2005 meeting. Mr. Caniglia moved approval of the minutes as presented, Mr. Parsons seconded the motion, and the motion was unanimously approved.

The second item of business before the Council was consideration of the Revised Recommendations List for 2005 Membership.

Vice Chairman Varin inquired what changes were made requiring a revised list to which Mr. Barros replied, "The only revision is a benchmark for a business in the Portsmouth/Tiverton Enterprise Zone.

Mr. Parsons then moved approval of the revised Recommendation List for 2005 Membership. Mr. Caniglia seconded the motion. Some discussion followed regarding advocacy of the Enterprise Zone Program. The motion was then unanimously approved.

The third item of business before the Council was consideration of the Recommendation List for 2004 Membership.

Mr. Barros explained that two applications from member businesses were not fully processed due to staff oversight. He noted that Tolan, Inc. is a company that is located in South Providence in the business incubator, and that the Bucci business is an insurance agency that's

located in West Warwick. Moreover, he stated that neither of those businesses received year-end certification packages to apply for tax credits for last year. In each case their applications were submitted, then misplaced by point of contact administrators and never fully processed.

Mr. Wood asked for clarification that “local problems” were to blame for the applications not being forwarded to EDC staff and not the EDC staff itself. Mr. Barros acknowledged that this was the case.

There being no further discussion, Mr. Caniglia moved approval of the 2004 Membership List and Mr. Parsons seconded the motion. The list was then unanimously approved.

The fourth item of business before the Council was consideration of the Recommendation List for 2004 Certification. Mr. Barros noted that, “we have a self-imposed deadline of March 15th ...to match tax timing.... All of these companies have adhered to all of the criteria [required] and they are the first 20 companies for 2004 tax credits, and staff would recommend approval of all 20 companies.”

Mr. Parsons inquired what services A.N. Nunes Agency provides, to which several people responded, “insurance.”

Mr. Crisman then asked, “Do you have the data that came in on the year-end packages to keep a running average of starting wages,

Enterprise Zone wages?” Mr. Barros replied, “Yes, would you like to see that on the report, would the Council like to see that on the report every month.” The Council expressed a consensus that such information would be useful.

There being no further discussion on the matter, Mr. Wood moved approval of the recommendations. Mr. Parsons seconded the motion, and the motion was unanimously approved.

The fifth item of business before the Council was consideration of a 2003 Certification.

Mr. Barros explained that the company at issue was scheduled to be considered by the Council on the December 2004 List. Because the Council did not have a December meeting... it did not end up on that report, but on this month’s report. He continued, “This is a company that abided by the year-end certification process, would have been certified by the end of the year, and, in the worst-case scenario, would have been certified at the January meeting, and since we didn’t have a February meeting, it’s now considered at this meeting. Staff would recommend approval based on the fact that this company satisfies all the criteria for 2003 year-end certification, and it would have been on the report for December.”

Mr. Wood noted that he was not in favor of looking back more than one year in such instances.

Mr. Parsons moved approval of the list. Mr. Caniglia seconded the motion and the motion was unanimously approved.

The sixth item of business before the Council was consideration of the 2004 Carry Forward Authorization List. Mr. Barros commented, “This is a normal report for the Enterprise Zone Council meeting. We’re looking at 2004 recommendations for carry-forward authorization, and again, I’m sure the Council is familiar with how this process works. Companies that have unused portions of prior-year tax credits are allowed to carry them forward this year. The only sort of requirement for that is that a company first asks permission to do that and get authorization from the Council, and secondly that their benchmark either remains constant or increases.... Staff would recommend approval for carry-forward authorization for all three companies.”

Mr. Caniglia then moved approval of the list. Mr. Parsons seconded and the carry forward list was unanimously approved.

The Council then turned its attention to the project of updating and amending the Council’s Rules of Procedure to reflect legislative changes over the past several years and to address certain issues encountered by the Council over the past year.

Mr. Barros asked Mr. Madden to summarize the project. Mr. Madden commented, “All of the changes with regard to the Mill Buildings

rules are really just reflecting the change in the statutory references and dates with regard to the sunseting of the program. There are some more substantive changes -- or topics for discussion -- in the portion of the Rules that are more general, reflecting also recent legislative changes like the elimination of the public supported improvement project provision. [In the handout,] I have highlighted some of these sections because I wasn't sure what legislation there was in this current session that may or may not affect those issues again. For the most part, any topic that is substantive is highlighted in the package. For instance, I highlighted the 20% ownership issue that we discussed in other contexts. It was something that I thought the Council might want to address at a public hearing.... So there are a couple of substantive areas, otherwise, its mostly pedestrian updating of statutory references.”

Vice Chairman Varin then mentioned a few items highlighted in the handout mark-up of the Rules including the reference to the 1990 census definition. Mr. Barros added, “Virginia, Tom and I are sitting down and there will be more changes and modifications made over the next several weeks....”

Discussion continued regarding the “20% Rule” and the related Coastal Medical Declaratory Ruling and other substantive issues highlighted in the Rules mark-up.

Mr. Wood added, “We’ve stumbled over previous declaratory rulings before. I’m wondering if it doesn’t make sense to append them to the

Rules. I don't know how many there have been, but it doesn't seem to me that it's a substantial number."

Vice Chairman Varin then interjected, "Well, then, is it the consensus that we hold off action on authorizing a public hearing until the next meeting?"

Mr. Barros replied, "[We will proceed] with a sub-committee meeting. We will report out on all of the discussion and comments.

Vice Chairman Varin then asked whether there was any further business.

Mr. Barros noted that the issues of workers employed by companies within the zones beginning and ending their days of work in the zones remains problematic. He added, "If you look at why the law was written in that way...it was to make sure a company didn't have a shell operation within an Enterprise Zone. Sometimes the letter of the law and the spirit of the law do not match, and I think this is a perfect case, and we need to start looking at construction companies and other companies that are actually hiring Enterprise Zone residents, putting them to work, teaching them skills, and just because the person doesn't sit at a desk within the Enterprise Zone for an eight-hour day...."

Discussion on the topic continued and also addressed temporary staffing agencies and placement of workers out of state.

There being no further discussion, Mr. Caniglia moved adjournment. Mr. Parsons seconded the motion, and the meeting was unanimously adjourned.

Rhode Island Economic Development Corporation

Enterprise Zone Council

Minutes of Meeting of March 29, 2005

RIEDC; 4th Floor, Room 1

One West Exchange Place

Providence, RI 02903

Attendance

Name Affiliation

Victor Barros (EDC Staff)

Bill Clark (Portsmouth - Business Development)

Alan Crisman (Mt. Hope Zone)

Ron Caniglia (Council Member)

Michelle M. Godin (Needs, Inc.)

Dennis Langley (Council Member)

Carmen Lorenzo (EZC Staff)

Rob Malevich (West Warwick Town Planner)

Thomas M. Madden (Legal Counsel)

[Dave Maker (City of Cranston)]

Bill Parsons (Chairman's Designee)

Dan Varin (Council Member)

Bruce Vild (Statewide Planning)

Michael Wood (Council Member)

There being a quorum present, Vice Chairman Varin called the meeting of the Enterprise Zone Council to order at approximately 10:00 AM.

The first item of business before the Council was consideration of the minutes of the Council's March 1, 2005 meeting. Mr. Caniglia moved approval of the minutes as presented, Mr. Parsons seconded the motion, and the motion was unanimously approved.

The second item of business before the Council was consideration of the Recommendations List for 2005 Membership. Mr. Barros noted that all 16 businesses included on the list were approved by staff as having met all requirements and were recommended for approval.

Mr. Parsons then moved approval of the Recommendation List for 2005 Membership. Mr. Caniglia seconded the motion. The motion was then unanimously approved.

The third item of business before the Council was consideration of the revised Recommendation List for 2004 Certification.

Mr. Barros commented that 9 companies had been added to the list since the initial mailing as the staff was trying to keep as current as possible as paperwork came in over the past few days. He noted that 85 companies in total were recommended for certification.

Mr. Caniglia noted the Enterprise Zone resident information and inquired whether a matrix of salaries for zone employees was being maintained. Mr. Barros replied that the data was being tracked and that there was approximately a month lag in including the compilation of such data.

Mr. Vild interjected that Zone residents are clearly lacking in the Providence II Zone, though their numbers in other zones are very encouraging. He continued to query what might be done to change that given the nature of the Financial District included in the Zone. General discussion ensued regarding types of businesses in the various zones and the correlation of Enterprise Zone resident employees in such businesses. Mr. Barros emphasized that many Financial District employers are professional service firms who employ high salary earners who tend to live outside of the Zones. Mr. Caniglia suggested a mailing from the staff could be affected to encourage hiring of Zone residents. Mr. Varin noted that residents are considered Zone residents if they live in any Zone, not just the zone where the employer is located.

Mr. Wood asked whether a description of what the businesses do

could be included in monthly reports. Mr. Barros replied that the current forms are so jam packed that it may be impractical.

Mr. Vild then raised the broader issue of whether Providence II is, in fact, an appropriate Enterprise Zone. Mr. Langley suggested that the staff share information with the Mayor of Providence and ask for his assistance with promoting the hiring of Enterprise Zone residents. Mr. Varin then asked about R C & D vis-a-vis a government agricultural program and Mr. Barros promised to double check on the business and insure that it is not a nonprofit.

Further discussion continued regarding the census tracks of the Providence I and Providence II Zones. Ms. O'Shan asked whether it was proposed that Providence become one zone? Mr. Barros responded that staff is just starting conversations with Providence leadership to explore changes and commented that City Council approval would be needed for any changes.

Mr. Langley then moved approval of the revised Recommended Certification List for 2004. Mr. Caniglia seconded and the motion was unanimously approved.

The next item of business before the Council was consideration of the Recommendations List for 2004 Carryforward Authorizations. Mr. Barros summarized the list and recommended approval of all 14 businesses included. Mr. Caniglia moved approval of the list; Mr.

Parsons seconded. The motion was unanimously approved.

Mr. Barros called Ms. O'Shan's attention to the number of carryforward authorizations requested this month and said that he thought it was encouraging that member businesses were using the carryforward.

Mr. Caniglia then moved approval of the list. Mr. Parsons seconded. The motion was unanimously approved.

The next item before the Council was consideration of the Rules Subcommittee report regarding the proposed amendment of the Rules of Procedure to be considered at a public hearing.

Mr. Barros asked Mr. Madden to walk the Council through the revised Rules draft, whereupon Mr. Madden commented that the revisions were nearly all to reflect legislation that had been implemented over the past few years and to update statutory references and eliminate any inconsistencies in references and cites included in the Rules. Mr. Madden added that of the few substantive proposals for change considered by the subcommittee, nearly all such changes were rejected after careful consideration. Mr. Madden then led the Council through the draft revised Rules page by page pointing out modified, added or deleted text and discussing the subcommittee's decisions.

Mr. Madden began with definitional clarification as to "calendar year

end” meaning 12/31/xx and continued to point out all of the proposed changes. There was some discussion on what a “high performance” manufacturer is. Ms. O’Shan noted that such manufacturers meet special Labor and Training standards.

Mr. Madden then called the Council’s attention to the addition of carryforward language to reflect statutory additions that had not been reflected in the Rules. This related specifically to Section 3.26 of the Rules. Some discussion followed regarding previous declaratory rulings by the Council. Discussion also turned to the replacement of SIC codes.

Discussion then turned to the appointment of Council members as directed in the Rules. Mr. Madden noted that the recent appointment of Mr. Parsons directly by the Governor as the Chairman of the Council was actually not permitted in the Rules, which directly reflect the statute on the same issue. Mr. Parsons and Mr. Barros said they were dealing with the issue and would be getting feedback.

Mr. Madden later directed the Council’s attention to the scoring system used for Zone designation in Section 9.03 and to the addition of related language in Section 11 of the Rules regarding redesignation. He then turned attention to the Mill Building Act provisions and noted that virtually all changes included were simply to reflect the new legislation that was passed last year. Discussion did include consideration of whether the 60% residential occupancy

threshold was accurate. Mr. Madden commented that he believed the included language did accurately reflect the statute, but that he would double check it. Mr. Vild recollected the same percentages.

Mr. Wood commented that he was concerned that the provision may eliminate affordable housing projects in mill buildings which he said, so often seem to be limited to the high end of the market. Ms. O'Shan noted that there are other tax credit programs available; including the historic tax credit intended to encourage rehabilitation of historic properties.

Mr. Wood also inquired what had become of the healthcare provider ownership issue that the Council had addressed in a declaratory ruling. Mr. Barros noted that the issue was the 20% ownership issue that the Council had addressed with Coastal Medical and that the issue was discussed by the subcommittee and commented on by Mr. Madden earlier in going through the Rules.

Mr. Madden added that the subcommittee decided after careful consideration that the issue should be left to the narrow precedent of the Coastal declaratory ruling and not to an amendment in the Rules. He reiterated that declaratory rulings are fact specific, but where future applicants meet the same facts, they are entitled to similar treatment. He further mentioned that the Council's declaratory rulings are available as a matter of public record, but that he thought it unnecessary, and perhaps confusing, to append all prior rulings to

the amended Rules.

Discussion then turned to the practicalities of scheduling a public hearing for the consideration of amending the Rules as proposed. Mr. Madden noted that 30 days public notice is required for a public hearing.

Mr. Wood then moved that the Council accept the Rules as amended (deleting the language referring to no third party recordings) and direct the staff to determine a public hearing date and to proceed accordingly with public notice. Mr. Parsons seconded and the motion was unanimously approved.

Vice Chairman Varin then asked for an update on any legislative issues. Mr. Barros noted that the Northern Rhode Island Chamber had sponsored legislation to restore the Zone tax credit levels to \$10,000 and \$15,000 – levels prior to last year’s modification. He also noted that Richmond and Newport had been in contact regarding their would-be Zones, but that no formal request for designation had been received.

After some further scattered conversation, Mr. Langley moved adjournment. Mr. Parsons seconded the motion. The meeting was unanimously adjourned at approximately 11:25AM.