

Rhode Island Economic Development Corporation

Enterprise Zone Council

Minutes of Meeting of May 24, 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)

Kathy Cosentino (City of Providence)

Alan Crisman (Mt. Hope Zone)

Ron Caniglia (Council Member)

Michelle M. Godin (Needs, Inc.)

Dennis Langley (Council Member)

Carmen Lorenzo (EZC Staff)

Dave Maher (City of Cranston)

Rob Malevich (West Warwick Town Planner)

Thomas M. Madden (Legal Counsel)

Virginia O'Shan (State Division of Taxation)

Bill Parsons (Chairman's Designee)

Dan Varin (Council Member)

Bruce Vild (Statewide Planning)

Michael Wood (Council Member)

Mr. Barros began the meeting with the following announcement, “I am running the meeting as a staff person and as a non-voting member of the Enterprise Zone Council and I note that we do have a quorum present and that the time is 10:05 a.m.”

The first item before the Council was acceptance of the minutes for the May 3rd, 2005 meeting. Mr. Parsons moved acceptance and Mr. Langley seconded the motion. There being no discussion, the minutes were unanimously approved.

The second item before the Council was consideration of the Recommendation List for 2005 Membership.

Mr. Barros noted that all 5 businesses on the list had gone through the local points of contact and have been signed off on and are approved as far their location and have been reviewed by staff here and staff would recommend approval of all five.

Mr. Langley moved approval of the list as recommended. Mr. Parsons seconded the motion.

Mr. Barros then asked for any questions or discussion on the list and mentioned that the second business listed in the Providence II Zone is actually the legal name for the Procaccianti Group which

purchased the Westin Hotel. Mr. Barros noted that the entity (PRI XVIII, LLC) had a zero bench mark, even though the Westin was obviously an ongoing enterprise. He stated that “there seems to be nothing within the Rules and regulations, and we’ve talked about this numerous times, for a company that has not restructured, and this is not a restructure..., if a company is preexisting and changes its entity to start over taking advantage of a zero benchmark. ...I can see no reason to stop or to prohibit them from applying as a zero benchmark for this location and I would offer that up for discussion.”

A significant discussion ensued concerning the Westin Hotel and its eligibility to participate in the Enterprise Zone program.

Mr. Langley inquired, “How can [the hotel owner] be at a 0 benchmark, when it is operating now?” Mr. Barros replied that this situation exposed a “glitch in the system” where new entities that acquire existing businesses with x number of employees can start in the program with a 0 benchmark. Mr. Langley emphasized that the hotel had “a new owner” but was not “a new entity.”

Mr. Parsons inquired, “Who employs the workers at the hotel: Westin or PRI XVII, LLC or Procaccianti?”

[Vice Chairman Varin arrived and assumed the conduct of the remainder of the meeting.]

Ms. O'Shan commented that the Westin had never become a certified business.

She also asserted that the Westin was exempted from the Providence II Enterprise Zone. Mr. Barros retorted that he and Ms. Cosentino had researched the exemption Ms. O'Shan referenced and found, in fact, that the Westin and the Convention Center are not exempted from the Zone according to the applicable statute and census tract maps. Ms. O'Shan took exception.

After further discussion regarding the exemption and the employment arrangements of the new hotel owner, Mr. Wood moved to amend the prior motion to approve the Recommendation List for 2005 Membership to exclude PRI XVIII, LLC until further information is available. Mr. Langley seconded the amendment.

Discussion then continued as to how employees of the Westin are paid and by what entity.

Mr. Barros concluded that the issue could be avoided if the Rules were changed statutorily, but that the loophole currently exists.

The amended motion to approve 4 businesses on the list, excluding PRI XVIII, LLC was then unanimously approved.

The third item before the Council was consideration of the Recommendations List for 2004 Certification.

Mr. Barros noted that there had been no amendments to the list. He stated, “There are nine businesses bringing the year to date total to 143 businesses. All businesses have satisfied the criteria for year end certification for 2004. As you can see, we’ve included a description of the industry, what the company does, and also you’ll find another report, which is sort of a sister report to the certification report, which breaks down each job and we’ll try to do this at every meeting.”

After the discussion of an example from the list, Mr. Parsons asked, “How come Massachusetts residents don’t qualify?” Ms. O’Shan responded that, “Only high performance manufacturers can count Massachusetts residents [as a matter of law].”

Mr. Barros added with regard to the example, “I would prefer we use the correction of five [employees] even though 26 is the correct [number of] new hire [employees]. But for enterprise zone credit we only count the five [Rhode Island residents]. But for reporting purposes, we can report [the total] twenty six because that company did hire twenty six employees”

Mr. Parsons questioned, “I just don’t understand what the Baeder Corporation does...facsimile transmission services, what is that?”

Mr. Malevich replied that he thought it had something to do with

faxing.

Mr. Barros responded “We can look that up.”

Ms. O’Shan questioned the fellowship employees of Richard J. Zienowicz, M.D. asking whether the jobs were full time and paid by the employer. Mr. Barros responded that he believed the information provided was based upon W-2 reported wages and would have the information confirmed.

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

The fourth item of business before the Council was consideration of the Recommendations List for 2004 Carryforward Authorizations.

Mr. Barros stated that one company was requesting Carryforward authorization, Island Care Child Care Center. He added, “They earned the credit in 2002 with the employment benchmark of five, they are looking to carry forward that credit into 2004, they have increased their benchmark to seven so that they are eligible for new credit on top of the carryforward and the determining factor is that the benchmark has not dipped at all during the intermediary years, which would only be one year, 2003, if they maintain the same benchmark and have satisfied all the requirements for year-end certification and staff would recommend approval of this one company which would

bring us to twenty-two authorizations approvals this year.”

Mr. Parsons moved approval of the carryforward authorization, Mr. Langley seconded. Mr. Langley inquired whether the business was a not for profit. Mr. Barros replied, no.

The motion was unanimously approved.

The fifth item of business before the Council was adoption of the Revised Enterprise Zone Council Rules of Procedure. Mr. Barros recounted that a Public Hearing was held at 9:30 a.m. this morning (5/24/05). He added, “We opened it at 9:30, Tom Madden was there, Virginia, and Michael Wood. We kept it open until about 9:50 and there were no public comments made. So we have gone through this before, if the Council would like to, once again, I know Virginia does have a comment to make so we might want to wait until she gets back before we took action, or took final action I should say. But, unless the Council deems it necessary to go through the entire mark up of the Rules ... again.

Vice Chairman Varin interjected, “It seems to me there are two types of changes. One of them is housekeeping...such as deadline requirements and there are also a few substantive changes and those really affect or address the changes....”

Ms. O’Shan commented, “I think you incorporated the things we

needed to have.”

Mr. Madden added, “I think that there is little or no change as compared to the document you all reviewed at the prior meeting authorizing a Public Hearing. The only changes I can think of are the SIC Code reference in the definition of manufacturing which now also references the new code catalog under the NAICS and the only other change in the document is the changing of “governor’s policy council” to “governor’s policy office.” Other than that, this document is pretty much identical to the last draft that you all saw at the prior meeting: and I think that everyone was pretty much ready to approve that, unless there is some other cause for concern.”

Mr. Barros added that “We will take this [review of the Rules] up on an annual basis, maybe a year from today.”

Mr. Langley moved approval of the revised Rules. Mr. Wood seconded the motion. The Rules were unanimously approved.

Ms. O’Shan asked whether the Rules were available on the EDC web site. Mr. Barros replied that he would see that they are made so available.

The Council then entertained a discussion of old business whereupon Mr. Barros noted that RC&D was a for profit business in response to Vice Chairman Varin’s question at an earlier meeting.

Mr. Caniglia then moved to adjourn. Mr. Parsons seconded and the meeting was unanimously adjourned at approximately 11:20 am.