

Rhode Island Economic Development Corporation

Enterprise Zone Council

Minutes of Meeting of October 23, 2007

RIEDC: Narragansett Room

315 Iron Horse Way, Suite 101

Providence, RI 02908

In attendance:

COUNCIL AFFILIATION

R. Caniglia Stand Corp.

D. Varin Vice Chairman

M. Wood Town of Burrillville

B. Parson RIEDC

OTHER AFFILIATION

V. Barros RIEDC

J. Garrahy Legal Counsel

B. Clark Portsmouth Bus. Dev.

K. Cosentino City of Providence

M. Godin Needs, Inc.

A. Crisman Mt. Hope Enterprise Zone

Donna Villanova Division of Taxation

T. Deller City of Providence

A. Cinotti City of Providence

K. Flynn RIEDC

Vice Chairman Varin called the meeting of the Enterprise Zone Council to order at approximately 10:08 AM and noted that there was a quorum present.

The first order of business before the Council were the minutes from the September 25th meetings.

Mr. Varin asked for a motion to approve the September 25th meeting minutes. Mr. Caniglia made the motion; seconded by Mr. Parson. Mr. Varin noted a minor correction to the minutes where Mr. Caniglia was listed as incorrectly making a motion. The correction was noted by Mr. Barros. Mr. Varin asked if there were any additional comments or questions.

There being no further discussion, the motion, with the one noted correction, was unanimously approved (Mr. Wood was not present at this time).

The next order of business before the Council was 2007 Recommendations for Membership.

Mr. Barros stated that there was one (1) business recommended for membership, that being Capco Steel located in the Providence II EZ, and that staff recommended approval of this business as presented

bring the year-to-date total to fifty five (55) new member businesses for 2007.

**Mr. Varin asked for a motion to approve the recommendation for 2007 membership. Mr. Parsons made the motion; seconded by Mr. Caniglia
Mr. Varin asked for comments or questions.**

Mr. Caniglia asked if staff anticipated any issues related to Capco considering that they were previously enrolled in the program in prior years.

Mr. Barros stated that since Capco's benchmark consist of all current existing full-time employees and that credits would be awarded based on only new employees hired above and beyond their current benchmark, he did anticipate any of the problematic issues related to hiring existing workforce or the like.

There being no further discussion, the motion was unanimously approved (Mr. Wood was not present at this time).

The next order of business before the Council was Recommendation for 2006 Certification.

Mr. Barros stated that there was one (1) business being recommended for 2006 certification, that being Clyde Donuts from the West Warwick EZ. He stated that the business had meet the

requirements for 2006 year end tax certification and that staff recommended approval of the business as presented, bring the year-to-date total to one hundred and six businesses (107) certified and twelve hundred and seventy new jobs created (1273).

Mr. Crisman asked if the RIEDC does anything to publicize these job creation results. Mr. Barros responded by stating that those job creation figures are reported in the RIEDC's annual report each year, but that did not preclude them from being reported or publicized by other means.

Mr. Varin asked for a motion to approve the recommendation for 2006 certification. Mr. Parsons made the motion; seconded by Mr. Caniglia. Mr. Varin asked for comments or questions.

There being no further discussion, the motion was unanimously approved (Mr. Wood was not present at this time).

The next order of business before the council was the re-designation of the Providence II EZ.

Mr. Varin directed the Council's attention to the re-designation proposal that was included in the agenda package and introduced Thomas Deller from the city of Providence..

Mr. Deller talked about the importance of the enterprise zone

program to the business growth and development that has occurred in the census tracts that comprise the Providence II EZ. Ms. Cosentino echoed Mr. Deller's comments and added that the zone based tax incentives help offset some of the high cost associated with doing business in Providence. She added that the economic demographics associated with the EZ census tracts show that those areas continue to be depressed areas in need of continue support to attract and encourage business and job growth.

Mr. Parson stated that this was one of the best and most thorough re-designation proposal he had ever seen. "Very, very well done."

Mr. Varin asked for a motion to approve the re-designation of the Providence II EZ for an additional five years. Mr. Parsons made the motion; seconded by Mr. Caniglia. Mr. Varin asked for comments or questions.

There being no further discussion, the motion was unanimously approved (Mr. Wood was not present at this time).

The next order of business before the Council was an overview of the RIEDC's strategy on high wage growth sectors.

Mr. Barros gave a brief overview of the strategy, stating that the RIEDC has identified seven (7) sectors of the RI economy where the average wage is greater than the RI average wage and where we as a

state are well positioned to grow jobs within these sectors. He also stated that the challenge facing the EZ Council is to better align the EZ program with the high wage job strategy and goals of the RIEDC.

He then introduced Katharine Flynn, Director of Business Development for the RIEDC. She took the Council through the RI Higher-Wage Economic Sector Report and talked about how RI wages compare to the nation and our neighboring states. Based on 2006 statistical information, the national average wage was \$42,405. The RI average wage is \$38,732 which translates into 61% of RI workers earn less than the national average wage. The challenge is how to decrease that percentage and in-turn increase the number of workers earning greater than the national average.

She talked about the sectors that the RIEDC has identified as those paying more than the national average and they consist of: IT/Digital Media, Financial Services, Marine Trades/Defense Technology, Industrial Products, Health Care/Life Sciences, Professional/Educational Services and Consumer Products.

She also talked about the impact in terms of revenues generated for the state if we could begin to focus job creation in the higher wage sectors i.e., if we had 45% of the workforce at the national average that would translate into \$804,991,932 in additional income and \$26,825,085 in additional income tax for the state.

Mr. Caniglia asked if Mr. Kaplan's goal, which he shared with the Council in January 2007, of moving the RI economy from a manufacturing focus to an intellectual/knowledge based economy, still on track, has he run into much opposition.

Ms. Flynn acknowledge the challenges of this refocus but stated that the sectors she talked about, for the most part, are knowledge based industry sectors.

Mr. Caniglia asked, "after six months of work on this strategy, is it being embraced?"

Ms. Flynn stated that it is a process of change but one that is making in-roads.

Mr. Parsons added that RI is never going to compete based on cost, so we have to compete based on our competitive strength of knowledge, innovation and place (being size, quality of life and location).

Mr. Wood arrived at the meeting.

The discussion continued and included conversations about the Business Innovation Factory's recent event at Trinity, DEM permitting and the regulatory environment, re-engineering business models, measurement of jobs and wages, the RIWins boarder-to-boarder

wireless initiative and CCRI's relationship with the business community and job training.

Mr. Wood apologized for missing the vote on the re-designation of the Providence II EZ but expressed his support for the approval of the request and complimented them on a very informative and well prepared proposal.

There being no other business to come before the Council, Mr. Varin asked for a motion to adjourn. Mr. Parsons moved to adjourn. Mr. Wood seconded the motion. The motion was approved unanimously and the meeting was adjourned at 11:15 a.m.