

**Rhode Island Economic Development Corporation**

**Enterprise Zone Council**

**Minutes of Meeting of February 26, 2008**

**RIEDC: Narragansett Room**

**315 Iron Horse Way, Suite 101**

**Providence, RI 02908**

**In attendance:**

**COUNCIL AFFILIATION**

**R. Caniglia Stand Corp.**

**D. Varin Vice Chairman**

**B. Parson RIEDC**

**D. Langley Urban League of RI**

**OTHER AFFILIATION**

**V. Barros RIEDC**

**J. Garrahy Legal Counsel**

**M. Godin Needs, Inc.**

**A. Crisman Mt. Hope Enterprise Zone**

**J. Rhodes Statewide Planning**

**R. Malavich Town of West Warwick**

**K. Cosentino City of Providence**

**B. Clark Town of Portsmouth**

**M. Canole RI Division of Taxation**

**A. D'Ambrosio State of RI**

**Chris Spencer Town of Tiverton**

**Paula Watt City of Cranston**

**Jim Moran City of East Providence**

**Vice Chairman Varin called the meeting of the Enterprise Zone Council to order at approximately 10:05 AM and noted that there was a quorum present.**

**The first order of business before the Council was the Meeting Minutes from the January 22, 2008 meeting.**

**Mr. Varin asked for a motion to approve the meeting minutes. Mr. Parsons made the motion; seconded by Mr. Caniglia. Mr. Varin asked if there were any additional comments or questions.**

**There being no further discussion, the motion was unanimously approved.**

**The next order of business before the Council was the 2007 Membership Application for Richline Group LLC.**

**Mr. Barros explained that staff was seeking a reconsideration and reconfirmation of the membership approval for Richline Group LLC that was granted by the Council at the January 22nd meeting.**

**He stated that because the application date and the notarization dates**

**did not match, he was seeking a reconfirmation based on an acceptable explanation for this inconstancy in the two dates on the Richline Group's membership application.**

**He explained that the application was dated July 3, 2007 while the notary date was December 11, 2007. He added that the EZ Rules of Procedure allow a 60 day grace period for new business entities to apply for EZ program membership, but the Richline application was filed more than 120 days after the business first established its operations in RI.**

**Mr. Barros explained to the Council that there were extenuation circumstances and that the most of the delay was attributable to the size and scope of Richline's business acquisitions in RI. In addition, their business consultants, BDO Siedman of NY, did not start to evaluate relevant business development tax credits until November of 2007.**

**He stated that all other relevant business development tax credits like the Job Development Act were applied for at the same time by the Richline Group and the RIEDC board approved them utilizing the July 7, 2007 date as their start date under the Job Development Act. Mr. Barros stated that staff and the RIEDC were in support of a reconfirmation of Richline's membership application based on the July 7, 2007 start date.**

**Mr. Varin asked for a motion to reconsider the Richline Group's application. Mr. Parsons made the motion; seconded by Mr. Caniglia. Mr. Varin asked if there were any additional comments or questions. The motion was unanimously approved.**

**Mr. Crisman asked about Richline Group's employment picture. Mr. Barros stated that although he could not provide an exact employment figure, Richline's acquisitions of Sardelli International and Primetime could impact between 100–300 existing employees and perhaps as many as 100 new employees.**

**Mr. Varin asked for a motion to reconfirm the Richline Group's application. Mr. Caniglia made the motion; seconded by Mr. Parsons. Mr. Varin asked if there were any additional comments or questions.**

**There being no further discussion, the motion was unanimously approved.**

**The next order of business before the Council was 2008 Recommendations for Membership.**

**Mr. Barros stated that there were eleven (11) businesses being recommended for 2008 membership and that staff recommended approval of all eleven (11) businesses as presented bring the year ending total to fifteen (15) new member businesses for 2008.**

**Mr. Varin asked for a motion to approve the recommendations for 2008 membership. 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.**

**The next order of business before the Council was 2007 Recommendation for Certifications.**

**Mr. Varin directed the Council's attention to a revised list of 2007 Recommendations for Certification that was distributed at the meeting.**

**Mr. Barros stated that there were six (6) businesses added to make up the revised list and one (1) business removed (Schofield Printing/Pawtucket/Lincoln). As a result nineteen (19) business were being recommended for 2007 certification and that staff recommended approval of all nineteen (19) businesses as presented.**

**Mr. Varin asked for a motion to approve the recommendations for 2007 certification. Mr. Parsons made the motion; seconded by Mr. Langley. Mr. Varin asked for comments or questions.**

**There being no further discussion, the motion was unanimously approved.**

**The next order of business before the Council was a request for Declaratory Ruling by Hope Global.**

**Mr. Barros gave some general background on the company and talked about how the company is a great example of Rhode Island business success story, and that the RIEDC often cite the story of Hope Global when touting the values of successful Rhode Island businesses.**

**He continued by detailing the facts outlined in the letter from Hope Global. The company increase its workforce by 5% which translated into 12 new full-time employees. However, two of those employees were not W2 waged employees of the company during 2007. The positions were requisitioned and budgeted for in 2007, but one of the employees was paid through a temporary agency; the other was paid as an 1099 independent contractor. Both positions were designated as full-time permanent positions but not officially W2 waged employees of the company until the first week of January 2008.**

**Mr. Barros stated that for certification purposes an 'enterprise job employee' is consider a full-time employee (30 hours/week) who is domiciled in Rhode Island, and employed by the company on December 31st of a given certification year.**

**Mr. Garrahy added that the way he saw it is staff could not make a certification recommendation because those two (2) employees did**

not meet the requirements and that staff's recommendation would be to deny the request for certification based on the fact that those two (2) employees did not qualify as 'new enterprise job employees' because they were not on the W2 payroll of the company at the end of the year. As a result, the company is asking for the issue to be reviewed at the Council level, notwithstanding, the fact that the staff would give a negative recommendation.

Mr. Caniglia asked if this issue was addressed before in other appeals or declaratory rulings. Mr. Barros stated that this particular situation where a company was asking that non-W2 waged workers be considered 'enterprise job employees' for purpose of the year-end tax certification had not come before the Council previously.

A general discussion ensued including a discussion about the IRS' definition of an employee – IRS' criteria for defining an employee.

Mr. Varin asked for a motion to table the item for a month to allow staff and legal counsel to further evaluate the issue. Mr. Parsons made the motion; seconded by Mr. Langley. Mr. Varin asked for comments or questions.

There being no other business to come before the Council, Mr. Varin asked for a motion to adjourn. Mr. Parsons moved to adjourn. Mr. Langley seconded the motion. The motion was approved unanimously and the meeting was adjourned at 11:03 a.m.