

MINUTES OF

**THE RHODE ISLAND INDUSTRIAL-RECREATIONAL BUILDING
AUTHORITY**

Meeting #423 – April 6, 2005

PRESENT: Frank R. Benell -- Chairperson

Peter R. Dunn -- Member

Donald Harris – Member

Robert H. Luneberg -- Member

ABSENT: Frances H. Gammell-Roach -- Vice Chairperson

ALSO PRESENT: Earl F. Queenan, Jr. -- Manager

Alicia A. Pomfret -- Assistant Manager

Anthony J. Scolavino -- Sr. Financial Program Administrator

Philomena Teixeira -- Financial Program Manager

Thomas V. Moses, Esquire -- Legal Counsel

Natalie Jackvony, Esquire -- Legal Counsel

Thomas Hodge -- Office of the Auditor General

The meeting was held at One West Exchange Street, Providence, and

was called to order by Chairman Benell at 8:43 a.m.

Mr. Benell presented the Minutes of the Meeting of February 23, 2005. Following review and discussion, a motion to accept the Minutes as submitted was made by Mr. Luneberg, was seconded by Mr. Harris, and was unanimously approved. A roll call vote followed:

Mr. Dunn – aye

Mr. Harris – aye

Mr. Luneberg – aye

Mr. Benell – aye

Mr. Benell presented the Executive Session Minutes of the Meeting of February 23, 2005. After review and discussion, Mr. Harris made a motion to accept the Executive Session Minutes as presented, Mr. Luneberg seconded, and the motion was unanimously approved. A roll call vote was taken:

Mr. Dunn – aye

Mr. Harris – aye

Mr. Luneberg – aye

Mr. Benell – aye

Mr. Benell requested a vote to maintain the confidentiality of the Executive Session Minutes of the Meeting of February 23, 2005. Mr.

Harris motioned, Mr. Luneberg seconded, and it was unanimously adopted. A roll call vote was held:

Mr. Dunn – aye

Mr. Harris – aye

Mr. Luneberg – aye

Mr. Benell – aye

Mr. Benell presented the Watch List as of March 31, 2005:

Mr. Moses discussed AKL FLEXO TECH-USA, LP. He informed the Board that

Mr. Schemann's Life Insurance Policy that was assigned to the Authority has expired. Mr. Kobusch is offering \$400,000, to be paid in annual increments of \$100,000 each. Mr. Moses recommended wrapping this matter up. He suggested having German Counsel try to get \$500,000 from Mr. Kobusch, with a payment of \$200,000 upfront. The costs for litigation in Germany would be hundreds of thousands of dollars.

Mr. Frater's payment needs to be wrapped up as well. The total loss to the Authority will be approximately \$2,500,000. The maximum that the Authority will get back is \$850,000. Mr. Dunn asked how quickly this could be wrapped up. Mr. Moses replied that he was hopeful that it could be wrapped up by June. Following further discussion, a motion was made by Mr. Dunn, was seconded by Mr. Harris and was unanimously approved to authorize the Manager to execute any

necessary documentation involved in the settlement of this matter. A roll call vote was then taken:

Mr. Dunn – aye

Mr. Harris – aye

Mr. Luneberg – aye

Mr. Benell – aye

Mr. Queenan noted that the STEM CELLS stock was recently priced above \$4.

Mr. Moses discussed ULTRA FINE POWDER TECHNOLOGY and noted that there are two parties who are interested in acquiring the Company, and are willing to assume the debt. Following this, a motion to accept the Watch List as submitted was made by Mr. Harris, was seconded by Mr. Luneberg, and was unanimously approved. A vote by roll call was held:

Mr. Dunn – aye

Mr. Harris – aye

Mr. Luneberg – aye

Mr. Benell – aye

Mr. Queenan presented the Portfolio Report as of March 31, 2001. He informed the Board that EAGLE QUEST GOLF & LEISURE DOME, INC. will be refinancing their Authority insured mortgage and will be paying off by the end of April. Mr. Moses noted that the PAWTUCKET

ARMORY is beginning to work toward a closing. After this, a motion was made by Mr. Luneberg, was seconded by Mr. Harris, and was unanimously adopted to accept the Portfolio Report as presented. A roll call vote was then taken:

Mr. Dunn – aye

Mr. Harris – aye

Mr. Luneberg – aye

Mr. Benell – aye

Mr. Queenan presented and gave a review of the Authority's internally prepared financial statements for the nine months ended March 31, 2005. He discussed the cash and retained earnings, and the loan from Fleet/Bank of America. A motion was made by

Mr. Harris, was seconded by Mr. Luneberg, and was unanimously approved to accept the financial statements as submitted. A vote by roll call was then held:

Mr. Dunn – aye

Mr. Harris – aye

Mr. Luneberg – aye

Mr. Benell – aye

Mr. Queenan presented a letter dated Mach 14, 2005 from Robert Carp, Chief Executive Officer, of CHESTNUT HILL AVIATION INC. to the Authority requesting an extension of his Commitment to

September 30, 2005. Mr. Queenan noted that staff recommends approval. After brief discussion, a motion to extend CHESTNUT HILL AVIATION INC.'S Commitment to September 30, 2005, was made by Mr. Dunn, was seconded by Mr. Luneberg, and was approved unanimously. A vote by roll call was taken:

Mr. Dunn – aye

Mr. Harris – aye

Mr. Luneberg – aye

Mr. Benell – aye

Mr. Queenan presented on behalf of PARKINSON MACHINERY AND MANUFACTURING CORP., a letter dated March 8, 2005 from Greg Silva, Chief Financial Officer, requesting waivers of the financial covenants for the fiscal year ended December 31, 2004. Mr. Scolavino discussed the request and the Company's financial performance. He recommended approval of the request. A motion was made by

Mr. Dunn, was seconded by Mr. Luneberg, and was unanimously approved to waive the Working Capital and Current Ratio requirements and to allow the reduction of the loan payable to Mr. Abrahamson (Subordinated shareholder debt) by \$100,000. The Authority also waived the ninety-day submission requirement. These waivers were approved on behalf of PARKINSON MACHINERY AND MANUFACTURING CORPORATION for the Fiscal Year Ended December 31, 2004. A roll call vote was held:

Mr. Dunn – aye

Mr. Harris – aye

Mr. Luneberg – aye

Mr. Benell – aye

Mr. Queenan presented on behalf of SLATER DYE WORKS and SLATER SCREEN PRINT, a letter dated March 15, 2005 from Robert S. Leach, CEO, to Earl Queenan requesting that Joseph Gatta be waived from the Personal Guarantee and Key-Man Life Insurance Requirements. Staff reported that Frances Close has issued her Personal Guarantee. Due to the infusion of equity capital into the Company by Leroy and his sister, Frances Close, Mr. Gatta's interest is down to 1%. Mr. Harris stated that he would recuse himself from voting as he is a personal acquaintance of one of the principals of the Company. After this, a motion was made by Mr. Dunn, was seconded by Mr. Luneberg, and was approved to waive the requirements for the Personal Guarantee and the Assignment of Life Insurance on behalf of Mr. Joseph Gatta. A vote by roll call was held:

Mr. Dunn – aye

Mr. Luneberg – aye

Mr. Benell – aye

At this point, Mr. Dunn excused himself from the meeting due to a prior commitment.

At 9:16 a.m., Mr. Benell declared that he would entertain a motion to adjourn to Executive Session and that an affirmative vote of a majority of the members is required. In accordance with §42-46-4 of the Rhode Island General Laws, a portion of the meeting will be held in Executive Session to consider and take appropriate action on such matters as permitted by subsection (5) (acquisition or lease of real property for public purposes or disposition of publicly held property), subsection (6) (location of prospective businesses in Rhode Island), or subsection (7) (investment of public funds) of Rhode Island General Laws, Section 42-46-5(a), the Open Meetings Law. Mr. Harris motioned to enter into Executive Session, Mr. Luneberg seconded, and a vote was taken.

Mr. Harris – aye

Mr. Luneberg – aye

Mr. Benell – aye

At 10:10 a.m. Mr. Benell requested a motion to return to Open Session, and noted that an affirmative vote of a majority of the members is required in accordance with §42-46-4 of the Rhode Island General Laws. Mr. Harris motioned to return to Public Session, Mr. Luneberg seconded, and a vote was taken.

Mr. Harris – aye

Mr. Luneberg – aye

Mr. Benell – aye

Mr. Benell reported for the record that no voting was held during the Executive Session Portion of the Meeting.

There being no other business to discuss, Mr. Benell requested a motion to adjourn.

Mr. Harris made a motion to adjourn, Mr. Luneberg seconded, and it was unanimously approved to end the meeting.

The meeting adjourned at 10:11 a.m.

Respectfully submitted,

Alicia A. Pomfret

Assistant Manager & Assistant Secretary