

# **I-195 REDEVELOPMENT DISTRICT**

## **MEETING OF COMMISSION**

### **PUBLIC SESSION**

**OCTOBER 12, 2011**

The I-195 Redevelopment District (the "District") Commission met on Wednesday, October 12, 2011, in Public Session, beginning at 5:00 p.m., at the offices of the Rhode Island Foundation, located at One Union Plaza, the Rhode Island Room, Providence, Rhode Island, pursuant to notice of the meeting to all Commissioners, and public notice of the meeting, a copy of which is attached hereto, as required by applicable Rhode Island law.

The following Commissioners were present and participated throughout the meeting: Chairperson Colin Kane, Barrett Bready, M.D., Ms. Barbara Hunger, Ms. Diana Johnson, Mr. John Kelly, Mr. Mark Ryan and Mr. James Bennett (ex officio).

Commissioners absent were: Mr. Michael Van Leesten and Mr. Keith Stokes (ex officio).

Also present was: David M. Gilden.

#### **1. CALL TO ORDER AND OPENING REMARKS**

Chairperson Kane introduced himself and welcomed the other Commissioners to the meeting. He acknowledged representatives from the City of Providence, the Providence Foundation, the Jewelry District Association and the Department of Transportation who were also present at the meeting.

#### **2. APPOINTMENT OF VICE CHAIRPERSON**

Chairperson Kane appointed John Kelly as the Vice Chairperson of the District.

#### **3. ELECTION OF A SECRETARY OF THE DISTRICT**

The Commission next considered the election of a Secretary of the District.

Upon motion duly made by Ms. Johnson and seconded by Ms. Hunger, the following vote was adopted:

**VOTED:** To elect David M. Gilden as Secretary of the I-195 Redevelopment District.

Voting in favor of the foregoing were: Chairperson Kane, Dr. Bready, Ms. Hunger, Ms. Johnson, Mr. Kelly and Mr. Ryan.

Voting against the foregoing were: None.

**4. ELECTION OF A TREASURER OF THE DISTRICT**

The Commission next considered the election of a Treasurer of the District.

Upon motion duly made by Dr. Bready and seconded by Mr. Kelly, the following vote was adopted:

**VOTED:** To elect Diana Johnson as Treasurer of the I-195 Redevelopment District.

Voting in favor of the foregoing were: Chairperson Kane, Dr. Bready, Ms. Hunger, Ms. Johnson, Mr. Kelly and Mr. Ryan.

Voting against the foregoing were: None.

**5. CONSIDERATION OF CONSTITUENT DOCUMENTS**

Mr. Gilden explained to the Commissioners that the I-195 Redevelopment Act of 2011 (R.I. Gen. Laws §§ 42-64.14-1 et seq., the “Act”) provides all of the powers of the District and the Commission. Mr. Gilden then briefly reviewed the Articles of Incorporation, and then presented the key provisions of the proposed Bylaws of the District. Mr. Gilden also explained that the Commission is subject to the Open Meetings Act (R.I. Gen. Laws §§ 42-46-1 et seq.), which requires, among other things, the posting of notices of meetings and meeting minutes. Mr. Gilden noted that the terms of the Commissioners are established by statute and that the Executive Director is appointed by the Chairperson, with the approval of the Commission after the position is advertised. Mr. Gilden discussed the indemnification provisions of the Bylaws, and additionally noted that conflicts of interest must be disclosed by the Commissioners. Chairperson Kane explained that the purpose of distributing the Bylaws and Articles was to give the Commissioners the opportunity review the documents before adopting them. Chairperson Kane invited the Commissioners to provide any comments to Mr. Gilden (a copy of the draft Bylaws is attached hereto as **Exhibit A**).

**6. CHAIRPERSON’S REPORT**

Chairperson Kane distributed to the Commissioners a draft agenda for the Retreat, currently scheduled on Saturday, November 5, 2011 at 9:30 a.m. (See **Exhibit B** attached hereto). He explained that the intent of the Retreat is for the Commissioners to receive reports from representatives of the Rhode Island Department of Transportation (“RIDOT”), the Rhode Island Economic Development Corporation

("RIEDC"), the City of Providence planning department and others. Chairperson Kane stated that the plan is to begin with a tour of the land that the District will be responsible for and he referenced a map of the parcels that was distributed to the Commissioners and that was also displayed in the boardroom (See **Exhibit C** attached hereto). He noted that parcels 31 and 36 have been designated for Johnson & Wales University.

Chairperson Kane stated that the Retreat is also intended to help the Commission determine how it will function, including discussions on communications protocol, roles and responsibilities, budgeting, office logistics and staffing, which will be, in part, through use of the RIEDC staff and facilities. He further stated that ethics, the Open Meetings Act and Access to Public Records laws will be discussed, in addition to a briefing on the Act and the limits of the Commission's charge. Chairperson Kane reported that there may also be updates on both the Knowledge District, which includes the surrounding area, and from RIDOT regarding its work with the Federal Highway Administration in making the parcels pad ready.

## **7. PRESENTATION OF REAL ESTATE PURCHASE AND BOND FINANCING REPORT**

Mr. Gilden stated that the Commissioners were provided with a summary of the Act and a copy of the entire Act in their materials (See **Exhibit D** attached hereto). He explained that the Act authorizes the District to acquire approximately 40 acres, 19 of which are developable parcels. Mr. Gilden noted that the Act authorizes RIEDC to issue up to \$42 million in bonds (\$40 million for the acquisition of the land and \$2 million for costs of issuance) to provide financing for the acquisition of the land, which is currently owned by RIDOT. He explained that, despite the \$42 million authorization, the amount of bonds will be set based on appraisals of the fair market value of the land, which are underway and are expected to be completed by early next year, less the fair market value of the Johnson & Wales University parcels.

Mr. Gilden reported that the parcels range in size from approximately a quarter of an acre to 2.6 acres and that two parcels on the west side are presently reserved for parks. He stated that the District has the power to either sell or ground lease the parcels. Mr. Gilden explained that the District will be the sole permitting authority for the land, with the exception of the State Fire Marshall and State Building Official. Chairperson Kane added that the land is also subject to both state and federal environmental regulations and standards. Mr. Gilden stated that the District will set fees for permitting, and will conduct public hearings on the fees. He further explained that once a contract for sale or ground lease has been entered into, the purchaser will have twelve months to start construction and three years to complete construction on the subject parcel. Chairperson Kane explained that the purpose of this requirement is to prevent a developer or an institution from land banking a parcel or failing to complete the construction. It was further noted that the parcels cannot be used for casinos or gambling facilities. Mr. Gilden additionally noted that the Act includes tax incentives for life sciences related industries, which will be important to the future development of the land.

Eugene G. Bernardo II, a partner at Partridge Snow & Hahn LLP, which has been selected by RIEDC as bond counsel for the issuance of the bonds pursuant to the Act, presented the Commission with an overview of the bond financing. Mr. Bernardo stated that the RIEDC will issue revenue bonds (the "RIEDC Bonds"), the proceeds of which will be lent to the District to purchase the land. He explained that the District will then deliver to RIEDC a bond to secure the repayment of the RIEDC Bonds and it will also grant a mortgage to RIEDC on the purchased land. Mr. Bernardo stated that a capital reserve fund will be established and funded by annual state appropriations based on a payment agreement that will be executed by the Governor and the RIEDC director, which would be submitted annually to the General Assembly. He noted that this is the same appropriation structure that was used for the historic tax credit bonds.

Mr. Bernardo noted that the mortgage and the financing would be structured to permit partial release of parcels from the mortgage as parcels are sold. Mr. Bernardo stated that the RIEDC Bonds will most likely be variable rate bonds due to the penalties associated with prepayment of bonds in a fixed rate financing. He reported that it is uncertain whether the RIEDC Bonds would be sold pursuant to a public offering or a private placement. Mr. Bernardo explained that the financial advisor for the RIEDC, FirstSouthwest Company, is in the process of drafting a request for proposals from banks requesting proposals for direct purchase of the RIEDC Bonds and for direct pay letters of credit for the RIEDC Bonds if they are sold in a public offering. Chairperson Kane explained that the Commission will work with RIEDC and FirstSouthwest to determine the most cost effective structure for the RIEDC Bonds.

It was noted that the District could expect to receive the proceeds of the RIEDC Bonds in the first quarter of 2012. Mr. Gilden noted that, in the interim, RIEDC has offered to provide both office space and staff support to the District. Chairperson Kane noted that RIDOT will retain responsibility for the maintenance of the land until title is transferred. Mr. Kelly questioned the legal fee structure and arrangement that will be passed on to the District. Mr. Gilden noted that the Commission will need to consider a request for proposals for legal counsel to the District.

## **8. SCHEDULING OF UPCOMING MEETINGS OF THE COMMISSION.**

Chairperson Kane noted that the next meeting is the Retreat scheduled for November 5<sup>th</sup> and he proposes to have Commission meetings scheduled on the second Monday of each month. He stated that the meeting locations are to be determined.

Chairperson Kane acknowledged the difficulty for the Commissioners in becoming accustomed to the requirements of the Open Meetings Act and having a robust and challenging dialogue in a public setting. Nonetheless, he encouraged the Commissioners to be willing to ask questions and to raise both issues and suggestions. Chairperson Kane indicated his willingness to serve as the spokesperson for the District, until the District has its own staff. Mr. Gilden suggested that the

Commissioners attend, if they have not in the past, other public entity meetings, such as RIEDC Board Meeting, in order to see how such meetings are conducted.

There being no further business in Public Session, the meeting was adjourned at 6:12 p.m., upon motion made by Mr. Ryan and seconded by Ms. Hunger.

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David M. Gilden, Assistant Secretary

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