

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

MARCH 28, 2005

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, March 28, 2005, in Public Session, at 4:00 p.m., at the offices of the Rhode Island Economic Development Corporation located at One West Exchange Street, Providence, Rhode Island, pursuant to notice of the meeting to all Directors, and public notice of the meeting, a copy of which is attached hereto, as required by the By-Laws of the Corporation and applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Donald L. Carcieri, Mr. Frank Montanaro, Mr. Keith Stokes, Mr. George Shuster, Mr. Joshua Miller and Ms. Alma Green.

Directors absent: Ms. Barbara Jackson.

Also present were: Executive Director Michael McMahon, members of the Corporation's staff and Attorney Robert I. Stolzman.

Governor Carcieri presided over the meeting and Attorney Robert I. Stolzman acted as Secretary.

1. CALL TO ORDER

Mr. Montanaro called the meeting to order at 4:10 p.m., and asked Mr. McMahon to present his Executive Director's report.

2. EXECUTIVE DIRECTOR'S REPORT

Continuing with his program of "sector" presentations, Mr. McMahon introduced Mr. Hank Devine, the EDC's sector head for financial institutions in Rhode Island, to speak to the Board regarding the financial institutions sector.

Mr. Devine distributed two handouts to the Board members to go along with his PowerPoint presentation. The first part of his presentation was an overview of the financial services industry, which includes banks, insurance companies, finance companies, money management firms and specialty financial firms (See **Exhibit A**). Mr. Devine cited the major existing financial businesses in the State of Rhode Island and discussed the regional businesses targeted for attraction to relocate to Rhode Island. He also described the EDC's goals regarding achieving the relocation of financial businesses to Rhode Island and the means and tools to achieve such goals, emphasizing the need for "creative business thinking".

Mr. Devine described the financial services industry as being very cost sensitive, with low to medium return on assets and return on equity. He stated that it is necessary to determine how these companies are calculating costs, and noted that financial service companies have a need to come out "better than even" in a major relocation. Mr. Devine noted that Rhode Island's competition for financial services companies comes from New Hampshire, Connecticut, Massachusetts, Iowa and Nebraska, the last being a popular location for insurance companies. He suggested that the EDC focus 80% on attracting financial service companies from New York City and 20% on financial service companies in the United Kingdom and Europe.

The second part of Mr. Devine's presentation focused on state corporate income taxes (See **Exhibit B**). He noted that financial service institutions vary on the way they pay taxes.

Mr. Stokes asked if the EDC presently has locations available for these businesses from Pawtucket south on the Route 95 corridor. Mr. McMahon answered that the EDC does not have such locations available and there is a need to develop more good sites. He stated that the EDC is presently marketing good sites in Providence.

Governor Carcieri noted that most growth comes from existing companies and that it is important to make sure that the companies already located in Rhode Island are assisted as much as possible. He stated that it is difficult to persuade a company to relocate entirely.

3. APPROVAL OF THE PUBLIC SESSION MINUTES OF THE MEETINGS HELD ON DECEMBER 20, 2004 AND FEBRUARY 28, 2005

Upon motion duly made by Mr. Shuster and seconded by Ms. Green, the following vote was adopted:

VOTED: To approve the public session minutes of the meetings held on December 20, 2004 and February 28, 2005, as presented to the Board this date.

Voting in favor of the foregoing were: Mr. Montanaro, Mr. Stokes, Mr. Shuster, Mr. Miller and Ms. Green.

Voting against the foregoing were: None.

4. FOR APPROVAL OF PROJECT STATUS FOR BANK OF AMERICA

Ms. Jean Robertson, senior director of policy and research, presented information to the Board regarding Bank of America's request for "Project Status" in order to achieve state sales tax abatements in exchange for its investments and economic development in Rhode Island. Referring to the draft economic impact analysis distributed to the board members (See **Exhibit C**), Ms. Robertson reported that

Bank of America plans to invest \$59.5 million in renovations and expansions in Rhode Island and to hire approximately 1,092 new employees, of which 955 will be full time employees. She noted that the new jobs will generate \$1.7 million in income tax revenue and that Bank of America offers a full range of benefits to its employees. The expansion includes the opening of a call center in East Providence, which will eventually employ 700 to 900 people, and the addition of 100 jobs at its call center in Lincoln.

In response to a question of Mr. Stokes, Ms. Robertson stated that Bank of America intends to hire from the neighborhood for the East Providence call center.

Replying to an inquiry of Governor Carcieri, Ms. Robertson reported that the East Providence call center will involve a substantial expansion of the former Monet jewelry factory located on Pawtucket Avenue, and that the project is expected to be completed within 12 months.

Ms. Green asked about the type of jobs to be employed, to which Ms. Robertson explained that most of the call center jobs would be entry-level jobs, and that salaries would range from \$23,000 to \$85,000, with a mean wage of \$28,500. Mr. McMahon commented that with a company like Bank of America, a person with an entry level job can expect to move “up the ladder” to a higher positions and greater salaries.

Ms. Green noted that there is a need for more jobs for limited-English speaking people, and Ms. Robertson responded that Bank of America hires a lot of Spanish-speaking employees at its call center.

Mr. McMahon explained that the East Providence call center will be an “inbound” call center, which requires a high level skill set for its employees.

Upon motion duly made by Mr. Shuster and seconded by Mr. Miller, the following vote was adopted:

VOTED: See text of vote at **Exhibit D.**

Voting in favor of the foregoing were: Mr. Montanaro, Mr. Stokes, Mr. Shuster, Mr. Miller and Ms. Green.

Voting against the foregoing were: None.

5. FOR CONFIRMATION OF APPROVAL OF PROJECT STATUS FOR VERIZON

Mr. Stolzman explained that since there a quorum was not present at the February board meeting, a vote could not be taken on the request for project status for Verizon. So as not to delay Verizon in its plans, the matter was discussed at the February meeting, and the draft meeting minutes and economic impact analysis were mailed to the board members following the meeting, together with a unanimous written consent to be signed by each board member. All board members signed and returned their respective consents, all of which were included in the board packages for this

meeting for information and review (See **Exhibit E**). Mr. Stolzman stated that Verizon was pleased to receive the board's approval and is moving forward with its expansion.

6. FOR APPROVAL OF TECHNICAL UPDATES TO PENSION PLAN

Mr. Stolzman explained that this matter came before the board and was discussed at the February meeting, but a vote was not taken due to lack of a quorum. He stated that the re-adoption of the pension plan in 2004 inadvertently did not include the break-in-service component of the technical update that was approved in 2001. Mr. Stolzman added that the technical amendment currently affects two employees.

Upon motion duly made by Mr. Shuster and seconded by Mr. Montanaro, the following vote was adopted:

VOTED: See text of vote at **Exhibit F**.

Voting in favor of the foregoing were: Mr. Montanaro, Mr. Stokes, Mr. Shuster, Mr. Miller and Ms. Green.

Voting against the foregoing were: None.

7. FOR APPROVAL OF INDUCEMENT RESOLUTION FOR 2005 AIRPORT BONDS AND APPOINTMENT OF SENIOR UNDERWITER FOR RHODE ISLAND AIRPORT CORPORATION

Mr. Richard Reed explained that the EDC's ratification of an action taken on March 16, 2005 by the Rhode Island Airport Corporation ("RIAC") is necessary, and introduced Brian Schattle, chief financial officer of RIAC, Maureen Gurghigian, of First Southwest, and Ellen Corneau, Attorney for RIAC.

In order to fund the acquisition, installation and construction of an in-line explosive detection system and related infrastructure, the construction of additional administrative space at T.F. Green Airport and the financing of various capital projects (the "2005 Airport Bonds Project"), as well as the refinancing of existing bonds, Mr. Reed explained that RIAC is requesting that the EDC issue up to \$104,285,000 Airport Revenue Bonds.

In addition, Mr. Reed stated that RIAC is seeking the approval of the EDC board to hire Merrill Lynch & Co. as senior managing underwriter for the bonds.

In response to a question of Mr. Stokes, Mr. McMahon stated that the capital improvements do not include the outlying airports, but that an RFP is being developed to bring in private capital for improving the four outlying airports.

Mr. Schattle noted that the 2005 bonds will include some of the outlying airports, but for FAA financing only.

In reply to Mr. Stokes' inquiry regarding the amount of the bonds, Mr. Reed stated that \$104,285,000 is for new bonds and \$50,000,000 is for the refunding portion.

Upon motion duly made by Mr. Shuster and seconded by Mr. Montanaro, the following vote was adopted:

VOTED: See text of vote at **Exhibit G.**

Voting in favor of the foregoing were: Mr. Montanaro, Mr. Stokes, Mr. Shuster, Mr. Miller and Ms. Green.

Voting against the foregoing were: None

There being no further business in Public Session, upon motion duly made by Mr. Shuster and seconded by Mr. Stokes, the meeting adjourned at 4:55 p.m.

Robert I. Stolzman, Secretary