

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

SEPTEMBER 26, 2005

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, September 26, 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. Joshua Miller, Mr. George Shuster, Ms. Alma Green and Ms. Cheryl Merchant.

Directors absent: Mr. Frank Montanaro, Mr. Keith Stokes, and 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

Governor Carcieri called the meeting to order at 4:05 p.m.

2. APPROVAL OF THE PUBLIC SESSION MINUTES OF THE MEETING HELD ON JULY 25, 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 meeting held on July 25, 2005, as presented to the Board this date.

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

Voting against the foregoing were: None.

3. FOR APPROVAL OF PROJECT STATUS FOR REEB MILWORKS

Ms. Jeanne Robertson explained to the Board that Reeb Milworks (“Reeb”) recently acquired the assets of Brodeur Window Distributors, Inc., and plans to expand its business in New England. Reeb intends to construct a new warehouse and manufacturing facility on 16 acres of land in Smithfield, Rhode Island, with a total project cost of approximately \$10 million. Reeb has already hired 55 employees and plans to add another 104 full time employees upon the completion of its new facilities.

Ms. Robertson explained further that the total sales tax refund to Reeb will be up to \$217,000, which will be more than covered by the personal income taxes to be generated by the construction jobs alone, which is estimated at \$239,000. An additional \$239,000 in personal income tax revenue is anticipated from the 104 new jobs to be added.

Ms. Robertson directed the Board members to the Economic Impact Analysis in their packages (See **Exhibit A**) for more detail, and noted that the EDC recommends approval of this action which will allow Reeb’s expansion to be designated as a project of the EDC in order to receive an exemption from sales tax relating to building materials, furniture, fixtures and equipment associated with the facility.

Upon inquiry of Ms. Green, Ms. Robertson explained that the windows and doors are not constructed at the facility, but that the millwork to frame the doors and windows is what Reeb manufactures by custom order.

In response to a further inquiry of Ms. Green, Ms. Robertson noted that this project may not present an opportunity to train minority workers at the present time, but that possibility exists when the facility is completed and the additional employees are hired.

Governor Carcieri commented that he has had the opportunity to visit many businesses in the State, particularly manufacturing businesses, and that he has noticed a change in the work force. He estimated that at least 60% of workforce is made up of minority workers. Both Mr. Shuster and Ms. Merchant agreed, noting that their businesses both have a strong minority representation in their employment. Ms. Merchant noted that most of her workforce is of Cape Verdean descent, and that her entire third shift is made up of Russian immigrants.

There being no further discussion on this matter, upon motion duly made by Ms. Green and seconded by Mr. Shuster, the following vote was adopted:

VOTED: See text of Vote at **Exhibit B**.

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

Voting against the foregoing were: None.

4. FOR APPROVAL OF FISCAL '06 BUDGET (REFLECTING CHANGES RESULTING FROM STATE BUDGET APPROVAL)

Mr. Reed explained that the Board had approved the Fiscal '06 Budget about a year ago. The Budget then went to the General Assembly for approval and came back in June 2005 with changes. Mr. Reed stated that the Board is being asked to approve the budget, as amended by the General Assembly.

Upon inquiry of Governor Carcieri, Mr. Reed reported that most of the changes consisted of budget reductions for the Office of Community Development.

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

VOTED: See text of Vote at **Exhibit C.**

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

Voting against the foregoing were: None.

The matter of the proposed FY '07 Budget was postponed until the next Board meeting.

5. VOTE TO MEET IN EXECUTIVE SESSION

By open call prior to adjournment to Executive Session, upon motion duly made by Mr. Shuster and seconded by Ms. Green, the following vote was adopted:

VOTED: That the Board adjourn to Executive Session to consider and possibly take action on such matters as permitted by subsection (5) (acquisition, disposition or lease of real property) and subsection (6) (location of prospective businesses) of Rhode Island General Laws, § 42-46-5 (a), the Open Meetings Law.

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

Voting against the foregoing were: None.

6. RECONVENE OPEN SESSION

The public session was reconvened at 4:45 p.m. The Chairman reported that real estate negotiations were discussed and that no action was taken during the Executive Session.

Governor Carcieri then stated that he has charged the EDC with developing a policy and procedures statement that considers whether the EDC will ever use eminent domain to take someone's home and convert it to commercial use. Eminent domain may be used for a public purpose/use, but converting home ownership to a commercial use should be used rarely, if ever.

Mr. Shuster stated that he feels strongly about this issue and volunteered to work on the development of policy and procedures regarding eminent domain.

Governor Carcieri asked the EDC to come back to the Board with its proposals and stated that he will meet with Senate and House leadership to learn about their concerns.

Upon inquiry of Ms. Merchant, Attorney Stolzman explained that condemnation is a legislative power, which is delegated to the EDC, and that new policies could be set regarding procedures to follow when it has been determined that the use of eminent domain is beneficial to the people of the state, particularly with respect to requirements for notice when a property is to be condemned. He noted that the federal and state departments of transportation utilize a prescribed process for using eminent domain, including how to compensate for condemnation of property. Mr. Stolzman stated that the EDC currently uses "fair market value" to determine how to compensate for condemnation, but that alternative means of compensation are being studied.

Attorney Stolzman advised that, as to substantive restrictions, the EDC use restraint and keep broader rules, while using more planning, more rationale and more restrictions as to procedural restrictions. He noted that the Governor's office and the Senate policy office, particularly Mr. Ken Payne, have been very helpful in looking at this issue.

There being no further business in Public Session, the meeting was adjourned at 4:50 p.m., upon motion by Ms. Green and seconded by Mr. Shuster.

Robert I. Stolzman, Secretary