

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

JANUARY 23, 2006

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, January 23, 2006, 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. Joshua Miller, Ms. Barbara Jackson and Ms. Cheryl Merchant.

Directors absent: Mr. George Shuster and Ms. Alma Green.

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

Governor Donald L. 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 4:00 p.m.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON NOVEMBER 28, 2005

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

VOTED: To approve the public session minutes of the meeting held on December 19, 2005, as presented to the Board this date.

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

Voting against the foregoing were: None.

3. FOR EXECUTIVE DIRECTOR'S REPORT

Director McMahon introduced Melissa Withers, Director of Marketing for the Corporation, to report on a presentation regarding the Science and Technology Advisory Commission ("STAC"). Ms. Withers told the Board that a presentation had been made to the Governor and others this morning regarding recommendations being made by STAC for creating a long-term vision for how the state can apply its science and technology resources to strengthen the state's economy and improve the quality of life in Rhode Island. The report is the result of a six months study by the members of STAC, and consists of five (5) recommendations, as follows (See **Exhibit A**):

1. Supporting the Creation of the Rhode Island Collaborative Research Alliance;
2. Strengthening the University of Rhode Island;
3. Creating an Incentive to Attract and Retain Serial Entrepreneurs;
4. Supporting the Rhode Island Wireless Innovation Networks Initiative; and
5. Continuing to Support the Rhode Island Science and Technology Council.

Governor Carcieri congratulated Ms. Withers and the members of STAC for an excellent report which promoted good discussions on how to better utilize science and technology in Rhode Island for economic development. He stated that the proposals present some exciting business opportunities.

Director McMahon next thanked the people who were key to the success of BRAC, particularly Mr. Keith Stokes and Mr. Bob Mushen and his staff at SENEDIA (Southeastern New England Defense Industry Alliance). Governor Carcieri noted that it was a good example of a federal delegation working with a local delegation for a mutual goal, and resulted in a 600 job net gain for Rhode Island. Governor Carcieri next issued Citations to Mr. Stokes and to SENEDIA and its President, Mr. Mushen.

4. FOR APPROVAL OF TECHNICAL AMENDMENT TO PENSION PLAN

Mr. Richard Reed reminded the Board that it had approved a freeze on the Corporation's defined benefit plan at the last Board meeting. Following the approval, Mr. Shuster asked that more specific language be utilized. Mr. Stolzman stated that the reason for today's resolution was to add clarifying language to the pension plan amendments.

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

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

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

Voting against the foregoing were: None.

5. FOR APPROVAL OF EMINENT DOMAIN GUIDELINES

Director McMahon reminded the Board that, following the Kelo decision, Governor Carcieri charged the EDC to study eminent domain issues and develop guidelines for the EDC to use in making decisions regarding eminent domain. Mr. Stolzman stated that this issue proved to be a most interesting topic, and explained to the Board the evolution of eminent domain over the 20th century. He noted that the Kelo decision articulated, at the Supreme Court level, what was already in place in the United States regarding the use of eminent domain. Under the Kelo decision, Mr. Stolzman explained, it was determined that a person's home, well-kept and located in a moderately sustainable neighborhood, could be taken by the State for economic development. Mr. Stolzman noted that Mr. Shuster spent a considerable amount of time on this study. He stated that the EDC is in a good position to address its own authority and to establish guidelines for itself. Of particular concern is owner-occupied property and procedural requirements for taking such property. Mr. Stolzman stated that the comments during the study were of the nature of narrowing the EDC's power to exercise eminent domain.

Mr. Stolzman referred the Board members to the proposed resolution and explained the terms of the same to the Board. Mr. McMahon noted that some input was derived from various cities and towns, especially Providence. Some discussion was generated regarding the use of the term "blight" and whether or not it should be included as a limiting factor in decisions relating to owner-occupied property. Upon inquiry of Mr. Montanaro as to what constitutes "blight", Mr. Stolzman stated that the EDC could look to the local planning authorities to determine if a property is blighted. Alternatively, a public nuisance standard could be used. Mr. Stokes agreed, stating that the determination of blighted property should emanate from the community itself. Governor Carcieri commented that disparities would result, as each municipality would have its own definition of what constitutes blight. He expressed concern about sending a mixed signal by having an exception for blighted property. After further discussion, there was a consensus to agree with Governor Carcieri to remove the exception for blight from the language of the resolution, and the initial resolution was edited for this and other clarifications.

Ms. Jackson commented that the EDC's guidelines in this matter should be used as a way to highlight good procedures for other organizations. Governor Carcieri stated that he believes legislative action will be coming out of this resolution.

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

VOTED: See text of vote at **Exhibit C**, as amended.

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

Voting against the foregoing were: None.

6. FOR CONSIDERATION OF MATTERS RELATING TO THE APPOINTMENT AND USE OF COMMUNITY ADVISORY COMMITTEES.

Director McMahon stated that the EDC believes that Quonset Development Corporation ("QDC") has the power to appoint a Community Advisory Committee, but that some members of the Town of North Kingstown (the "Town") do not agree, believing that the EDC must approve such an appointment.

Mr. Stolzman explained that QDC wants to proceed with road realignments and other development at Quonset. The Town is under the impression that there is a Community Advisory Committee ("CAC"), appointed by EDC, and has called for a meeting of the CAC in February. The EDC, however, has no record of appointing a CAC. Mr. Stolzman stated that the recommendation is to let the Town know that there is no CAC, the members of which are to be appointed by QDC.

Ms. Jackson, being a North Kingstown resident, recused herself from the discussion.

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

VOTED: That the EDC confirms that as of this date, a validly appointed CAC is not in place, and the EDC delegates to the QDC the responsibility to appoint a Community Advisory Committee.

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

Voting against the foregoing were: None.

Ms. Jackson abstained from voting in this matter.

7. VOTE TO MEET IN EXECUTIVE SESSION

By open call prior to adjournment to Executive Session, upon motion duly made by Mr. Stokes and seconded by Ms. Jackson, 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 (2) (litigation); subsection (5) (acquisition of lease of real property) and subsection (7) (investment of public funds) of Rhode Island General Laws, §42-46-5 (a), the Open Meetings Act.

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

Voting against the foregoing were: None.

8. RECONVENE OPEN SESSION

The public session was reconvened at 5:25 p.m. The Chairman reported that a litigation matter was discussed and action was taken on the following items during the Executive Session:

1. Approval to commence final lease negotiations for office space for the Corporation.
2. Consideration of use of eminent domain.

There being no further business in Public Session, the meeting was adjourned at 5:30 p.m., upon motion made by Ms. Jackson and seconded by Ms. Merchant.

Robert I. Stolzman, Secretary