

**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

**MEETING OF DIRECTORS**

**PUBLIC SESSION**

**FEBRUARY 27, 2006**

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, February 27, 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: Mr. Frank Montanaro, Mr. Keith Stokes, Mr. George Shuster, Mr. Joshua Miller, Ms. Alma Green and Ms. Cheryl Merchant.

Directors absent: Governor Donald L. Carcieri and Ms. Barbara Jackson.

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

Mr. Montanaro presided over the meeting and Attorney Robert I. Stolzman acted as Secretary.

**1. CALL TO ORDER**

Mr. Montanaro called the meeting to order at 4:00 p.m.

**2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON JANUARY 23, 2006**

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

**VOTED:** To approve the public session minutes of the meeting held on January 23, 2006, as presented to the Board this date.

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

Voting against the foregoing were: None.

### **3. FOR APPROVAL OF AMENDMENT TO FIDELITY PROJECT**

Attorney Stolzman directed the Board members to the draft economic impact analysis provided in their packets regarding this matter. Mr. Stolzman explained that Fidelity Investments, a/k/a FMR Rhode Island, Inc. ("FMR"), currently has 1600 employees at its regional center in Smithfield, Rhode Island, and is planning an expansion of its facilities in that location, which expansion has already been granted project status by the EDC. In order to accelerate the expansion, FMR has agreed to lease the Gateway Building in downtown Providence, which is owned by the State Pension Fund. FMR plans to renovate the Gateway Building to suit its needs, at a cost of \$13,900,000, and is seeking to have sales tax relief on the equipment and furniture it will purchase at a cost of \$5,200,000. FMR will lease the Gateway Building for approximately three (3) years, until its new building is completed in Smithfield. The expansion will result in 450 new jobs with an average salary of \$55,000 and an annual payroll of \$24,750,000 and 158 construction jobs with an annual payroll of \$6,950,000. The new permanent jobs and the construction jobs will add an estimated \$573,193 and \$260,625, respectively, in annual income taxes to the State, the State Pension Fund will receive an annual lease payment of \$2,000,000, and the City of Providence will collect approximately \$630,000 in real estate taxes.

Mr. Stokes encouraged FMR to work with the City of Providence to create a local and minority training program for its new jobs, and Mr. Stolzman indicated that he would notify Fidelity of that request.

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

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

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

Voting against the foregoing were: None.

### **4. FOR APPROVAL OF AMENDMENT TO ELECTRIC BOAT PROJECT**

Attorney Stolzman reported that the Electric Boat Corporation has an opportunity for another expansion at its facility at Quonset Point, and is requesting an extension of the term of its current project status for an additional two years. Referring to the economic impact analysis in the Board packages, Mr. Stolzman stated that the expansion will result in 50 direct jobs with an average salary of \$44,000 and 74 full time construction jobs with an annual payroll of \$3,250,000. The direct jobs and the construction jobs will result in a total income tax revenue to the state of \$302,450 over a three year period.

Upon motion duly made by Mr. Stokes 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. Montanaro, Mr. Stokes, Mr. Shuster, Mr. Miller, Ms. Green and Ms. Merchant.

Voting against the foregoing were: None.

**5. FOR EXECUTIVE DIRECTOR'S REPORT**

Director McMahon stated that he plans to present a report to the Board at the March meeting regarding the results of research done to determine where the State stands with respect to creating a competitive environment for economic development. He noted that the EDC needs to focus on fundamental changes to be made in the State in order to get more out of State funds that are being spent, particularly with regard to education.

Ms. Green stated that her contractors have found it difficult to hire skilled laborers who are not illegal aliens, to which Mr. McMahon responded by saying one of the issues to be corrected is how to bring people into the work force the right way. He noted that there is a major disconnect between education and the availability of skilled workers, particularly with respect to skill sets needed for technology jobs. In response to an inquiry of Mr. Montanaro, Mr. McMahon stated he will try to make the report available to the Board members for review in advance of the next Board meeting.

**6. FOR SUMMARY OF GARVEE BOND SALE**

Mr. Richard Reed referred the Board members to the memorandum in their packages summarizing the second tranche sale of Garvee Bonds which were completed February 1 and 2, 2006 and will close on March 1, 2006 (See **Exhibit C**). He stated that the proceeds from the sale, \$243.3 million, will be available March 2, 2006, and noted that the sale of Garvee Bonds has raised a total of \$510,000,000 with the completion of this second tranche. Mr. Reed stated that the third and final tranche will be sold in 2009. In response to an inquiry of Mr. McMahon, Mr. Reed reported that the cost of insurance, which is not included in the bonds, is \$500,000.

**7. FOR APPROVAL OF ISSUANCE OF \$20,000,000 RIEDC TAXABLE INDUSTRIAL REVENUE BOND FOR BENEFIT OF TORAY PLASTICS (AMERICA), INC.**

Referring to the resolution presented to the Board, Mr. Reed reported that Attorney Joseph Ferrucci, counsel for Toray Plastics (America), Inc. ("Toray") was present for any questions. Attorney Stolzman reminded the Board that it has already approved a preliminary inducement resolution for this issue, and that there is no risk to the EDC as this is a nonrecourse bond issuance. Mr. McMahon noted that Toray is a terrific tenant at Quonset and, as the highest energy user in the State, has invested a

significant amount of money in the State. He added that Toray has a well trained work force.

Upon motion duly made by Mr. Shuster and seconded by Ms. Merchant, 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, Ms. Green and Ms. Merchant.

Voting against the foregoing were: None.

**8. FOR APPROVAL OF SELECTION OF LEAD UNDERWRITER FOR RIAC BOND ISSUANCE FOR INTERMODAL FACILITY**

Mr. Reed reported that the Board of Directors of the Rhode Island Airport Corporation ("RIAC"), at its meeting held on February 15, 2006, approved the selection of Bear Stearns & Co. Inc. as the Senior Managing Underwriter for the Intermodal Special Facility Bonds, and that ratification is now required by the EDC Board, as the EDC will issue the bonds on behalf of RIAC. He stated that the bonds will be used to improve the Warwick train station, create a people mover between the train station and the airport and create a rental car facility.

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

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

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

Voting against the foregoing were: None.

**9. FOR CONSIDERATION OF THE APPLICATION OF STRUEVER BROS. ECCLES & ROUSE UNDER TITLE 42, CHAPTER 117 OF THE RHODE ISLAND GENERAL LAWS**

Ms. Lori Capaldi explained that Struever Bros. Eccles & Rouse, Inc. ("Struever Bros.") is seeking a Certificate of Critical Economic Concern to facilitate its redevelopment of the former American Locomotive Works building located off Valley Street in Providence. Ms. Capaldi reported that the project was evaluated in accordance with the rules and regulations for expedited permit review and met a sufficient amount of the criteria for expedited permitting. She noted that the development, which will cost \$330,000,000, will be for a mixed use, including office, retail, residential and hotel space.

Mr. Stokes inquired as to why the project earned no points for the use of minority contractors. Ms. Jannice Ashley, Development Director for Struever Bros., replied that the company could not commit absolutely to hiring 10% minority contractors, but that it will make its best effort to do so. She stated that not meeting such a commitment would result in penalties that the company did not wish to be subject to. Ms. Ashley stated that two other projects being developed by Struever Bros. in Providence have had no problem meeting this criteria. Mr. Stokes stated that he supports the project, but the EDC encourages the use of minority contractors. Ms. Ashley agreed to provide a letter to the EDC regarding its intention to meet this criteria.

Ms. Ashley was unable to answer a question by Mr. Miller as to where the laborers for the Rising Sun Mill project came from.

Mr. Tom Savoy, business representative for a local carpenters union, reported that 90% of the carpentry contractors for the Rising Sun Mill project were hired from out of state and paid no income taxes to the State of Rhode Island.

Mr. Greg Mancini, of BuildRI, noted that the EDC should consider the issue of where construction workers are hired from in its considerations for Certificates of Critical Economic Concern, and whether or not they are actually paying taxes to the State of Rhode Island.

Ms. Merchant stated that criteria regarding where contractors are hired from should be considered in all project status requests.

Mr. Miller suggested that if Struever Bros. comes back to the Board for sales tax relief they should confirm where their contractors are coming from.

Mr. David Parmigiano, a business manager for contractors in Rhode Island and Connecticut, stated that contractors for the Rising Sun Mill project as well as the Royal Mills project are being hired from out of state as independent contractors, whose income is reported on 1099's which is not necessarily reported as Rhode Island income. He stated that these contractors are not registered in Rhode Island and the State does not have a system in place to keep track of these earnings.

Mr. McMahon stated that the EDC will look into this issue, as well as any DOL violation issues. Mr. Montanaro stated that Rhode Island contractors should always be considered first.

Upon motion duly made by Mr. Stokes and seconded by Ms. Green, 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, Ms. Green and Ms. Merchant.

Voting against the foregoing were: None.

**10. FOR RATIFICATION OF COMMUNITY ADVISORY COMMITTEE APPOINTMENTS OF QUONSET DEVELOPMENT CORPORATION**

Attorney Stolzman stated that the EDC Board is being asked to ratify the recommendations made by the Quonset Development Corporation for appointment to the Community Advisory Committee.

Upon motion duly made by Mr. Shuster and seconded by Ms. Merchant, 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, Ms. Green and Ms. Merchant.

Voting against the foregoing were: None.

**11. 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 Mr. Stokes, 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. Shuster, Mr. Miller, Ms. Green and Ms. Merchant.

Voting against the foregoing were: None.

**12. RECONVENE OPEN SESSION**

The public session was reconvened at 5:10 p.m. The Chairman reported that consideration of a lease and a report on a litigation matter were discussed and action was taken on the following item during the Executive Session:

1. Approval of the Executive Session minutes of the meeting held on January 23, 2006.

There being no further business in Public Session, the meeting was adjourned at 5:15 p.m., upon motion made by Mr. Shuster and seconded by Ms. Green.

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Robert I. Stolzman, Secretary

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