

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

MAY 22, 2006

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, May 22, 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. George Shuster, Ms. Barbara Jackson, Ms. Alma Green, Ms. Cheryl Merchant and Mr. Alexander Biliouris.

Directors absent: None.

Also present were: Acting Executive Director Saul Kaplan, 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 4:00 p.m., and welcomed Saul Kaplan, who was appointed as Executive Director by Governor Carcieri to replace Mr. Michael McMahon, who resigned following the last Board meeting to pursue other ventures. Mr. Kaplan's appointment has yet to be confirmed by the Senate.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON APRIL 24, 2006

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

VOTED: To approve the public session minutes of the meeting held on April 24, 2006, as presented to the Board this date.

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

Voting against the foregoing were: None.

3. FOR APPROVAL OF FINANCING FOR THE RHODE ISLAND AIRPORT CORPORATOIN FOR INTERMODAL TRANSPORTATION FACILITY

Mr. Richard Reed introduced Attorney Jay Gowell, of Burns & Levinson, representing the Rhode Island Airport Corporation (“RIAC”), Mr. Brian Shattle, President of RIAC, and Mr. Peter Fraser, Chief Legal Counsel of RIAC. He reminded the Board that it had passed a resolution three months earlier inducing this matter to go forward. He stated that the target date to sell the bonds is June 12, with a closing by June 30.

Attorney Gowell explained that RIAC plans to develop and construct an intermodal transportation facility at or near the Airport for train, bus, commuter and rental car access to and egress from the Airport, including a train station and platforms, a bus pick-up and drop-off area, commuter parking spaces, a skywalk system and exclusive and common parking, storage, retail and operating space for rental car companies. Mr. Gowell stated that the cost for this project, which is to be completed in 2009, is \$122,000,000. He explained that RIAC is looking to the EDC to issue up to \$61,500,000 Series 2006 First Lien Bonds and a TIFIA Bond in an amount not to exceed \$61,500,000, to fund this project. Mr. Gowell stated that the General Assembly has approved \$123,000,000 for this project, which approval expires on June 30, 2006.

Mr. Gowell went on to explain that RIAC intends to finance a portion of the intermodal transportation facility with funds collected from customer facility charges (CFC’s) prior to the opening of the facility.

In response to an inquiry of Mr. Stokes, Mr. Gowell stated that the car rental companies are on board for this project. Mr. Peter Fraser added that RIAC expects signatures by all of the car rental companies by the end of the week, and that the CFC is expected to level at \$4.50.

Responding to a question of Mr. Shuster, Mr. Gowell explained that the Rhode Department of Transportation (“DOT”) will provide a backstop and will provide funds in the event costs exceed the funds available. Mr. Shattle reported further that any deficiencies will come out of the operating and maintenance reserve fund.

In response to a question of Mr. Biliouris, Mr. Gowell stated that this project has been heavily studied in order to come up with a series of financial and cost projections. Governor Carcieri noted, further, that this project has been underway for at least 7 years and that the projections have risen along the way. He noted that it has been a struggle to get all of the car rental companies on board.

Governor Carcieri expressed his concern about the firmness of the contractors’ estimates, since construction prices continue to rise. Mr. Gowell responded by stating that the contractors’ estimates are not too firm and there is not a general contractor on board at this time. He noted, however, that the financial model has been strengthened by a number of things, including the fact that CMC’s have been collected along the way and now amount to \$20,000,000, and that the original plan for the people mover has been replaced with a skywalk, which will incur operating expenses at about one-half of

those of an automated people mover. Mr. Shattle added that the skywalk is also more attractive and will provide more flexibility.

Governor Carcieri repeated his concern about rising prices of contractors, noting that there is so much construction work going on right now and that the prices keep increasing. Mr. Fraser stated Jim Capaldi, Director of DOT, is comfortable with the numbers at this time.

Ms. Jackson noted that she is glad that the automated people mover has been replaced with a skywalk.

Mr. Gowell stated that this will be a closed loop financing, and that the bonds will be paid out of revenue of the facility and not from general airport funds.

Mr. Shattle explained that the CFC is currently at \$3.75, with increases of \$.25 per year up to \$4.50, with an absolute cap of \$5.50. He noted that there are federal funds available from off system bridge money.

Mr. Gowell stated that estimated operating and maintenance costs of the facility are currently projected at \$2,600,000 annually.

In response to a question of Ms. Merchant regarding a timeline, Mr. Gowell explained that revenues have been projected out to 12 years, and the construction is expected to take 3 years.

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

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

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

Voting against the foregoing were: None.

4. EXECUTIVE DIRECTOR'S REPORT

Acting Executive Director Saul Kaplan extended his gratitude to Governor Carcieri, the EDC Team and the Board of Directors for their support and confidence in him, and stated that he is looking forward to working with the Board. He thanked Mr. McMahon for his great work, which has made an incredible difference in the stature of the EDC. He stated that the EDC has an opportunity to reposition the Rhode Island economy and create jobs and income growth.

Mr. Kaplan explained that he has the same direction as Mr. McMahon had for the Corporation: to enhance quality of place, work with communities to help them develop

and improve the business climate. He stated that he will continue to stress innovation technology, science and technology.

Mr. Kaplan explained further that his principles include 1) to run the EDC like a business, 2) to have more customer-facing, getting out in the marketplace and using Every Company Counts to help the many small businesses in the state make a difference in the economy, and 3) to look externally as to how to bring companies to resources, whether in house or not.

In response to an inquiry of Governor Carcieri, Mr. Reed stated that Fidelity is expected to move into the Gateway building in July 2006. Mr. Reed noted that the move will be in stages but is expected to move fairly quickly. Mr. Kaplan added that Fidelity is making great strides in Smithfield.

Governor Carcieri reported that he had seen an article in USA Today on May 4, 2006 regarding the results of an analysis of the 50 states from 2000 to 2005 as to growth in per capita income. He stated that Rhode Island was ranked 6th highest in growth in per capita income during that period, with the states that came in higher having natural resources, such as oil and gas. Governor Carcieri noted that Rhode Island currently ranks 13th in the Country in per capita income.

Mr. Kaplan reported that he had a call from the US Department of Commerce recently to say that the Business Innovation Factory, an independent group that is supported by the EDC, has been selected as one of 3 finalists for Excellence in Innovation, and that he will know the results of the contest within the next week.

Attorney Stolzman stated that Mr. Kaplan's actions to date as acting Chief Executive need to be ratified by the Board. Until Mr. Kaplan's confirmation by the Senate, the EDC does not have a CEO.

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

Voting against the foregoing were: None.

5. FOR PART I OF BOARD TRAINING MODULE

Mr. Stolzman explained that the separation of powers mandated a statutory requirement to have training sessions for the Board members now that members of the Senate and the House are no longer on the Board. He noted the binders of materials for each Board member and stated that new materials will be added at each monthly session.

Mr. Stolzman then presented an overview of the Rhode Island General Statutes creating and governing the EDC, as well as the Corporation's bylaws (See Index at **Exhibit C**).

Mr. Kaplan noted at one point that the Business Innovation Factory ("BIF") is not a subsidiary of the EDC. He stated that BIF is a separate nonprofit corporation which has the EDC as one of its sponsors. The EDC has contributed funds as any other sponsor but has not provided any other funding to BIF.

In reviewing the bylaws, Mr. Stolzman noted that consideration may be given to amending the bylaws to allow for electronic conferencing; but that will need to wait until the Open Meetings statute is amended to allow such meetings.

Mr. Biliouris noted that he has been receiving financial statements of the EDC and asked what his obligation is as a Board member with respect to the financial statements. Attorney Stolzman explained that it is the Board members' obligation to review the material presented to them and to bring up any questions or observations at the Board meetings. The Board must exercise reasonable diligence in reviewing and directing the affairs of the EDC. Mr. Kaplan added that Board members are always welcome to contact him or EDC staff with any questions. Mr. Stokes acknowledged that staff has always been very helpful and knowledgeable to him in the past.

There being no further business in Public Session, the meeting was adjourned at 5:25 p.m., upon motion made by Mr. Shuster and seconded by Mr. Stokes.

Robert I. Stolzman, Secretary