

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

SEPTEMBER 25, 2006

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, September 25, 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. Keith Stokes, Mr. George Shuster, Ms. Alma Green, Ms. Cheryl Merchant and Mr. Alexander Biliouris.

Directors absent: Governor Donald L. Carcieri, Mr. Frank Montanaro and Ms. Barbara Jackson.

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

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

1. CALL TO ORDER

Mr. Stokes called the meeting to order at 4:05 p.m.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON JUNE 26, 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 June 26, 2006, as presented to the Board this date.

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

Voting against the foregoing were: None.

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Saul Kaplan provided a brief update on program activities, starting with community development. The Corporation has been learning how to link with local communities, with the recognition that not every community has the same planning capacity. Mr. Kaplan noted an event taking place this date as part of the Every Company Counts division of the Corporation. Today's event, the first in a series of monthly programs under the heading of "Downtown Competitiveness Series", is called "21st Century Retailing", and features Rick Segel of Rick Segel & Associates.

Mr. Kaplan next reported on the Micro Business Emerging Growth Fund, which was initially funded with \$500,000 to invest in micro businesses, particularly in urban areas. Mr. Kaplan praised Victor Soares and his team for doing a great job with this program, which is nearing its first anniversary. To date, the program has had 160 hits, 31 applications, 15 loans approved and 14 loans closed. The funds from this program have assisted entrepreneurs who would otherwise have had difficulty obtaining loans, particularly Latinos and women.

Mr. Kaplan commended Lori Capaldi for her excellent work in identifying \$6 billion in capital programs throughout the State. He reported that a spreadsheet showing how these funds have been allocated is available upon request.

Regarding the innovation agenda, Mr. Kaplan reported that STAC has completed a successful first year, having initiated 5 new programs with a sustainable platform. He stated that the General Assembly has approved \$1.5 million to fund an entrepreneur tax credit.

Mr. Kaplan noted that the 2005 Business Innovation Factory Summit will be held on October 4 and 5 this year at Trinity Repertory Company and that the event is just about sold out, with attendees expected from all over the country.

In response to a question of Ms. Green, Mr. Kaplan explained that Lori Capaldi works with local community planners to develop ways to assist smaller businesses in those communities. He noted that the grant program needs to be reinstated to make more funds available to the communities. Mr. Kaplan also noted that each community uses the funds for a different purpose. Mr. Stokes commented that there is a need to engage the General Assembly on this, and that representatives of the communities which have been helped by this program should be urged to come forward to testify about how the funds have helped them. Mr. Reed noted that the funding cycle does not coincide with the annual budget appropriation.

4. FOR APPROVAL OF FY '06 AUDIT

Mr. Reed announced that a meeting had just taken place with the finance committee, attended by Steve Fratiello, of the Corporation's accounting department, Mary Lake, CFO of Quonset Development Corporation, and Jim Prescott and Debbie Mitchell, both of Prescott Chatellier Fontaine & Wilkinson, LLP, the accounting firm that

conducted the audit. He noted that the Auditor General has signed off on the audit with very minor changes, and that the final audit report will be distributed as soon as it has been printed. The audit draft dated September 22, 2006 was included in the Board packages.

Mr. Reed reported that all payroll records of the EDC and QDC are consolidated.

Upon inquiry of Mr. Biliouris, Mr. Reed explained that the drop in revenue between 2005 and 2006 was primarily due to the fact that QDC was split out in FY '05 and now prepares its own financial statements separate from the EDC's. Mr. Biliouris also noted that RIAC has \$50,000,000 uninsured and uncollateralized funds, to which Ms. Mitchell responded that she will check to be sure there wasn't a misallocation.

Mr. Stokes noted that Mr. Biliouris' question came up in the financial committee meeting. He reported that the committee agreed that a narrative should be added to explain the importance of the Small Business Loan Fund. Mr. Shuster commented on how well the pension fund is managed. He also noted that there were no material adjustments this year, and Mr. Stokes credited Mr. Reed for this accomplishment. Mr. Kaplan commented that the audit process has become much easier now that QDC and EDC are each responsible for their own financials.

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

VOTED: That the FY '06 Audit, as presented to the Board this date and subject to additional narratives, be approved (See **Exhibit A** for the final audit report.

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

Voting against the foregoing were: None.

5. FOR RELEASE OF RESTRICTIVE COVENANTS FOR WEST GREENWICH TECHNOLOGY PARK (GTECH AND AMGEN)

Attorney Stolzman referred the Board members to the proposed resolution in their materials regarding the termination of restrictive covenants. By way of background, Mr. Stolzman explained that in 1987 the EDC assembled property in West Greenwich for a technology center, and recorded restrictive covenants with the Town of West Greenwich in order to have some control over how the property would be used. The property has since been sold out to GTECH, Amgen and approximately two other companies, and there is no longer a need to keep the restrictive controls, which have a term of 40 years, in place. Mr. Stolzman reported that staff has been surveyed and it appears that the EDC no longer has any relationship with the property. He stated that a full title report has been ordered and that releases will be obtained from all parties that

currently own the property. Mr. Kaplan commented that he will not sign the termination until everyone has signed off.

Mr. Shuster suggested that the Town of West Greenwich also be asked to comment on the termination.

A motion was made by Mr. Shuster and seconded by Ms. Merchant to approve the resolution. Discussion followed the motion, during which Mr. Kaplan stated that the restrictive covenants must be terminated in order for Amgen to complete its purchase of the GTECH property, and he doesn't want the Town of West Greenwich to delay this action. Mr. Stokes replied that it would be more of a courtesy to the Town to ask them to sign off, to which Mr. Kaplan commented that he does not want the Town to use this as a ploy for its own purposes. Mr. Biliouris suggested that the Town be given a time limit. Attorney Stolzman offered that the resolution be amended to be subject to notification and solicitation of comments from the Town of West Greenwich.

A motion having been duly made and seconded, the following vote was then adopted:

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

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

Voting against the foregoing were: None.

6. FOR PART III OF TRAINING MODULE – OPEN MEETINGS LAW

Continuing the training sessions for the Board members as required by the separation of powers legislation, Attorney Stolzman presented a session regarding the Open Meetings Law (See Index at **Exhibit C.**)

Attorney Stolzman pointed out that the materials presented include a copy of the statute regarding Open Meetings and a summary of opinions and decisions made by the Attorney General's office in 2006. He noted that many of the complaints presented to the Attorney General's office were attributable to school committee meetings.

The primary reason for the Open Meetings statute is that the public has a right to know, noted Mr. Stolzman. He stated that the statute is broadly written, and there is little difference in the State policy from the federal policy. Mr. Stolzman noted that staff meetings are not considered public meetings, but that committees of a Board are considered public bodies.

Much discussion of the Open Meetings statute has to do with having "Executive Sessions", according to Mr. Stolzman. He explained that there is a need for open discussion, and that the exceptions to open meetings include 1) real estate transactions, which is the most common, 2) financial matters, taxes and the like, 3)

litigation strategy, 4) labor strategy and 5) discussion regarding an individual employee. Mr. Stolzman noted that there are requirements for notice postings and access for people with disabilities. In addition, minutes of closed sessions are required and must be released within 35 days, whether in draft form or as approved. Mr. Stolzman noted that the EDC has a record of good practices with respect to compliance with the Open Meetings Act. He stated that a public agency which does not have a good record with its Open Meetings practices is more likely to have problems.

Mr. Stokes commented that he recalls very few challenges to the EDC's executive sessions. Mr. Kaplan noted that he prefers to use executive sessions sparingly and only when absolutely necessary.

Mr. Stolzman noted that Barbara Jackson is very interested in telephonic/computer participation by Boards. He noted that, prior to changes in the Statute, the Board had used telephonic participation at one meeting when a Board member was not available to attend a meeting, and that strict protocol was used to record the Board member's participation. That procedure is now prohibited by Statute.

There being no further business in Public Session, the meeting was adjourned at 5:00 p.m., upon motion made by Mr. Shuster and seconded by Ms. Merchant.

Robert I. Stolzman, Secretary