

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

APRIL 23, 2007

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, April 23, 2007, in Public Session, at 4:00 p.m., at the offices of the Rhode Island Economic Development Corporation, located at 315 Iron Horse Way, Suite 101, 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. George Shuster, Ms. Barbara Jackson, Ms. Alma Green, Ms. Cheryl Merchant and Mr. Alexander Biliouris.

Director absent: Mr. Keith Stokes.

Also present were: Executive Director Saul Kaplan, 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 4:05 p.m.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON MARCH 26, 2007

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

VOTED: To approve the public session minutes of the meeting held on March 26, 2007, as presented to the Board this date.

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

Voting against the foregoing were: None.

3. EXECUTIVE DIRECTOR'S REPORT

Executive Director Saul Kaplan reported that the unemployment rates continues to drop and the latest report has the rate at 4.2%. He stated that the economy continues to create jobs and that the EDC needs to focus on creating better jobs at higher wages. Governor Carcieri suggested that a copy of the report of Paul Harrington, an economist at the Center for Labor Market Studies at Northeastern University, which was presented at the Marriott Hotel recently, be obtained. He stated that Mr. Harrington's report projects a shortage of skilled workers due to aging and retirement, and noted that Lifespan is currently reporting 300 openings for which skilled workers are difficult to locate.

Mr. Kaplan next reported that the Science and Technology Advisory Council (STAC) will have a meeting on Wednesday, April 25 to provide an update on its programs. The meeting will be held from 2:00 to 4:00 in the Senate hearing room. Economist Dr. Robert Atkinson, author of the 2007 State New Economy Index, will share his thoughts on Rhode Island's innovation capacity at the meeting.

Mr. Kaplan reminded the Board members of the Biotechnology Industry Organization International Convention to be held in Boston on May 7, 2007. He stated that Rhode Island will be well represented by principals from its biotechnology companies with exhibit space at the convention. Mr. Kaplan added that Governor Carcieri has been invited to attend a Round Table discussion, sponsored by Amgen, with other New England governors, to discuss regional collaboration within the biotechnology industry.

Director Kaplan noted that the Board has not seen any requests for Certificates of Critical Economic Concern (CCEC's) in some time, ever since the rules for qualification were changed. He attributed the cessation of such requests to the higher application fees that are now required. Mr. Kaplan explained that the EDC has been working together with Michael Sullivan and DEM to re-evaluate the rules and to identify a small number of companies which could qualify for CCEC's. A report will be made to the Board in the near future regarding this matter.

Mr. Kaplan reported that the EDC is looking to target the manufacturing sector through a strategic collaboration with RIMES. He noted that the programs of RIMES are well received.

The National Association of Development Organization's 2007 Regional Economic Development Conference is being held in Providence this week, according to Mr. Kaplan, at which Sandy K. Baruah, Assistant Secretary of the EDA, will deliver opening remarks on the federal role in regional competitiveness and prosperity. Mr. Kaplan will deliver the opening address and will chair a panel at the conference.

Continuing his report, Mr. Kaplan reported that the proposal of STAC for an Innovation Tax Credit is currently in a period of public review, and that a hearing was held this date for public commentary. He noted that the public review process will be

completed within 30 days and that each proposal of STAC will be subject to the same process of public review.

Mr. Kaplan stated that the EDC is moving to be a more customer-facing organization and that EDC staff is conversing with corporate leaders of both large and small companies to identify their needs.

Responding to a question of Governor Carcieri, Mr. Kaplan reported that Davol has added a medical device company and its plans to relocate its research facility in Rhode Island are moving forward.

Director Kaplan introduced Sherri Carrera, Operations Manager of the Every Company Counts (ECC) program, to provide an update on the program. Referring to her handout (See **Exhibit A**), Ms. Carrera reported that over 150 municipal, state, federal and nonprofit organizations are currently in the ECC network and that over 2,600 small businesses have requested services from ECC. She noted that the ECC has made over 500 referrals per year to partner agencies and organizations, adding that 50% of all calls are converted into referrals to partner agencies. From its beginning in November 2005 to date ECC has closed on 22 micro loans totaling \$635,000, the average of which is \$35,000.

Ms. Carrera reported that the ECC website receives over 2,000 hits per day, with 625,000 hits in 2006. A Spanish page will debut in May 2007. The ECC publishes an electronic newsletter, "The Business Connection", to over 3,800 small business owners throughout Rhode Island. The Spanish version of the newsletter, "Impulsando el Desarrollo Empresarial", will debut in June.

Ms. Carrera noted that brown bag lunches, co-facilitated by the Secretary of State's office, are being held throughout the state with city and town hall employees. Other programs of the ECC include the Downtown Competitiveness Series 2006, Latino Business Community Outreach 2007 and the Business Accelerator, the latter to be held May 23 and 24, 2007.

Working with the Secretary of State's office, the ECC will present a "We Mean Business" exposition on November 5, 2007. Ms. Carrera explained that the mission of this program is to connect Rhode Island business owners with the local, state, federal and non-profit resources that impact business. Follow-up events will be held throughout the year and a website (www.WeMeanBusinessRI.com) will be launched in mid-May 2007.

In response to an inquiry of Mr. Shuster, Ms. Carrera stated that, while there is no set cut-off for the size of business ECC is designed to facilitate, the size of the average company assisted by ECC is \$500,000, with 10 to 20 employees. She noted that ECC acts as a clearinghouse to assess needs and direct companies to the appropriate resources. Responding to a question of Governor Carcieri, Ms. Carrera stated that the Chambers of Commerce have been very helpful.

Ms. Green noted that she has seen an increase in immigrants other than those of Latino descent, and that the ECC might consider reaching out to other nationalities. Ms. Carrera noted that the ECC has recognized this need and is looking into what it can do to reach everyone.

Regarding the number of hits the website receives, Mr. Biliouris suggested that there be a way for people searching the website to register so that follow-up can be made. Mr. Kaplan stated that the EDC is looking at all of its websites with this feature in mind.

4. FOR APPROVAL, SUBJECT TO GENERAL ASSEMBLY APPROVAL, OF HIGH TECH PROFILES MEDICAL PROJECT

Attorney Stolzman introduced Lydia Teixeira, Vice President-Finance, and Ray Quinlan, President, of High Tech Profiles (HTP MED), and stated that this company manufactures specialized plastic tubing, primarily for use in the medical industry. The company is looking to relocate its headquarters from Pawcatuck, Connecticut to Hopkinton, Rhode Island. Mr. Stolzman directed the Board members to the proposed resolution regarding HTP MED's request to be given project status to facilitate the relocation. He pointed out that the Economic Impact Analysis (See **Exhibit B**) performed by EDC staff indicates that this company meets all of the criteria for approval for project status.

Mr. Quinlan expressed his gratitude to Governor Carcieri and the EDC for their efforts in assisting his company with this endeavor, and noted that Hopkinton has been very welcoming. He stated that "Rhode Island is firing on all cylinders" and that the State's responsiveness has been remarkable.

Mr. Quinlan noted that Boston Scientific is its biggest partner. He stated that the company manufactured automotive tubing for some time, but that it is now focused on medical tubing, which is proving to be much more lucrative.

Responding to an inquiry of Ms. Green, Mr. Quinlan stated that water has to be brought in as there is no water resource at the Hopkinton location. He stated that water has been a significant issue and that he has had to deal with a number of different water boards in the area. Mr. Kaplan commented that the General Assembly is aware of this problem and intends to re-evaluate the issue. He noted that the water authorities tend to hold up progress. Mr. Quinlan stated that his company has contracted with Northeast Water Solutions to address the water issues.

Mr. Biliouris asked about the qualifications for the 109 anticipated job positions and asked if these jobs will be going to Rhode Islanders. Mr. Quinlan responded that some of the positions require a high degree of technology and that they are very difficult to fill. He stated that the jobs pay well, but that there is a need for technical schools to train individuals for this type of work. In response to an inquiry of Mr. Biliouris about how the EDC can help train workers for these jobs, Mr. Kaplan stated that the EDC can 1) work with Mr. Quinlan and his team to customize training and to obtain grants to fund

the training and 2) work with DLT to get a workforce development system in place. He noted that there is a lot of work to be done in this area but it is important that it get done.

Mr. Shuster asked if there is a system in place to follow up and determine if the estimates in the economic impact analysis are actually achieved. Mr. Stolzman explained that, once the General Assembly approves project status and the company enters into an Economic Development Agreement with the EDC, the company will be required to certify its actual numbers to the EDC every six months. He stated that the EDC also works closely with the Division of Taxation to monitor the company's numbers. Mr. Stolzman reported that this is standard procedure and that, to date, no company has come in under the estimates regarding the benefits to the State by virtue of their being granted project status. Mr. Shuster stated that this is good news and should be reported to the public.

Governor Carcieri commented that it would be a good idea for a report to be made to the Board regarding the last company to attain project status and how its results compare with its estimates. Mr. Kaplan agreed and stated that this should be done on a regular basis.

Attorney Stolzman stated that a joint resolution of the House and Senate is required for final passage of project status for HTP Med, and noted that legislative passage of a similar resolution for the A. Duie Pyle project is still awaited.

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

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

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

Voting against the foregoing were: None.

5. FOR APPROVAL OF 2007 AIRPORT BOND INDUCEMENT RESOLUTION

Attorney Stolzman reminded the Board that the Rhode Island Airport Corporation (RIAC) is unable to issue its own public debt, and that the EDC is being asked to approve a bond inducement resolution for RIAC. He stated that RIAC is in the process of putting together a program for improvements at TF Green and other Rhode Island airports at a cost of up to \$93,440,000. The improvements include a varied scope of projects.

Attorney Stolzman stated that this is a typical inducement resolution, and that the actual bond issuance will come back to the Board with more specific details for final approval. He introduced Mr. Brian Schattle, Chief Financial Officer of RIAC, and stated that approval of the inducement resolution will allow RIAC to go forward with its plans.

Mr. Schattle reported that the last time RIAC came to the board for bond financing was in 2005, and the current bond issue will cover the next two 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 C.**

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

Voting against the foregoing were: None.

Prior to adjournment, Attorney Stolzman reported that the statutory board training has been completed and that the Board members could now take the binders of training materials home with them. He noted that a copy of the training materials will be provided to the General Assembly for the record.

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

Robert I. Stolzman, Secretary