

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

SEPTEMBER 24, 2007

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, September 24, 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. Keith Stokes, Mr. George Shuster, Ms. Alma Green, Mr. Alexander Biliouris and Ms. Kimball Hall.

Director absent: Ms. Cheryl Merchant

Also present were: 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

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

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON JUNE 27, 2007

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

VOTED: To approve the public session minutes of the meeting held on June 27, 2007, as presented to the Board this date.

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

Voting against the foregoing were: None.

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Kaplan reported that there is mixed news regarding the status of jobs in Rhode Island. On the one hand, there was an increase in employment by 300 in August, the seventh month in a row to see an increase in employment. Mr. Kaplan noted that Governor Carcieri's goal of bringing 20,000 jobs to Rhode Island during his incumbency has been surpassed and the outlook calls for more jobs to be added through the end of the year. On the other hand, the unemployment rate is up by a small amount to 4-1/2 – 5%.

On the subject of employment, Mr. Kaplan asked Ms. Hall to address the Board regarding Amgen. Ms. Hall reported that Amgen has been conducting a corporate assessment since mid-August. The Company plans to announce a 12 – 14% reduction in staff, beginning with voluntary transitions. As of this date, approximately 700 employees have decided to accept the voluntary buyout package, leaving another 1500 employees to be involuntarily terminated. The layoff in Rhode Island will involve about 450 people, or about 30% of Amgen's Rhode Island workforce.

Governor Carcieri expressed his disappointment in this significant employment reduction, but noted that he understood it was brought about by a number of factors, including the significant reduction in sales of its anemia medications, Aranesp and Epopen. The FDA has issued warnings about significant risks in patients who take these drugs. Governor Carcieri reported that he has been in touch with the Department of Labor and Training, which is working on how to assist those affected by the layoffs find new positions. Mr. Kaplan stated that, despite this news, Amgen will continue to be an important part of Rhode Island's economy.

On the positive side, Governor Carcieri stated that American Kuhne is planning to move to Rhode Island from Connecticut, and may be able to hire some of the displaced Amgen employees.

Mr. Kaplan noted that he would be attending a groundbreaking for American Kuhne, a business which is re-locating from Connecticut, in Hopkinton that evening and that a groundbreaking would be held the following day for A. Duie Pyle's expansion in Rhode Island.

Governor Carcieri reported that he and Mr. Kaplan recently met with the CEO of Webster Bank, which is looking to expand in Rhode Island. He stated that Webster Bank is the largest independent bank in New England and is growing. The bank has put out an RFP to look at space around Providence for a regional office to serve the New England market.

Mr. Kaplan referred to the recent news item regarding the Quonset Gateway (See **Exhibit A**). He noted that a revised proposal for the Gateway was re-submitted to the Statewide Planning Committee, which gave its unanimous approval to go forward. Mr. Kaplan noted that the revised proposal was significantly better than the first proposal, and that it includes 400,000 sq. ft. of office space and a more attractive

entrance. He noted that the planning committee worked closely with the Town of North Kingstown on the proposal in order to meet everyone's needs. Mr. Kaplan stated that the Quonset Gateway proposal has a capacity for 2,200 jobs, 1,200 of which are slated as office jobs. He noted that this approval sends a strong signal to the community that the EDC can move these projects forward.

Mr. Stokes noted that office growth in Rhode Island is slow and asked about the timing of filling these office jobs, to which Mr. Kaplan responded that the build-out is estimated at 4 to 5 years, depending on the market. Mr. Kaplan confirmed that if the market does not sustain this type of growth, the matter will be revisited.

Governor Carcieri noted that there is not a lot of excess office space in Rhode Island, and that he is reasonably confident that there is a need for suburban office space.

In response to a question of Ms. Green, Mr. Kaplan stated that the office jobs would be new office space which could accommodate new businesses or existing Rhode Island companies looking for more space.

Mr. Kaplan then introduced Melissa Withers to report on the Rhode Island Science and Technology Advisory Council ("STAC").

Ms. Withers presented an update on STAC, which she noted is now providing an important platform for the state's innovation agenda. She stated that in 2006 STAC created the Rhode Island Research Alliance to promote collaboration, maximize state and federal investment in research and enhance the state's R&D-related economic development opportunities. With budget support from the Governor and the General Assembly, this alliance has launched an awards program to stimulate collaborative research among public and private sector institutions. This Collaborative Research Funding program granted a total of \$1.5 million to eight teams in its first year. The teams are composed of 32 scientists from 15 research institutions and include the areas of medicine, engineering, chemistry, biology, oceanography and environmental science.

Examples of the projects which will be enhanced by this funding are 1) the development of high-tech toys to aid children with diseases like cerebral palsy; 2) using virtual reality to improve the design of prosthetic limbs; and 3) the development of new marine-based drugs to fight a common and deadly hospital infection. Ms. Withers noted a packet of information provided to the Board members with more detailed information on the accomplishments of these projects (See **Exhibit B**). She reported that one of last year's funding recipients, a collaboration between Brown University and Rhode Island College, has received a grant from the National Institutes of Health totaling \$1.4 million to continue their research.

Ms. Withers also reported on a dynamic web portal which is being created to provide a "one stop shopping" place for researchers to share information about equipment, facilities, research interests and the like. She noted that this portal will also support state efforts to pursue federal grant funding.

In other news from STAC, Ms. Withers reported on the creation of the URI Commission on Research and Innovation, which was recommended by STAC in 2006 and has received support from the General Assembly (See **Exhibit C**). She stated that the purpose of this commission is to propose actions to strengthen URI's position as a nationally competitive public research university and a key institution in Rhode Island's effort to grow an innovative economy. Governor Carcieri has appointed Justice Robert G. Flanders to chair the commission, and the full roster of national and international leaders who will serve on the commission was announced earlier this month.

Ms. Withers reported that the URI Commission on Research and Innovation will evaluate research capacity at URI and make recommendations for how the university can 1) grow the size, significance and competitiveness of its research and development programs; 2) produce a larger, better trained and more science and technology oriented workforce; and 3) increase the levels of both industry involvement in its research programs and technology transfer/commercialization activities.

Ms. Withers next announced the development of RI Nexus, a public-private initiative of the EDC designed to support and grow the state's Information Technology and Digital Media (ITDM) sector (See **Exhibit D**). She reported that the Rhode Island ITDM sector currently employs more than 15,000 people and accounts for more than \$1 billion in wages annually, with an average salary in 2006 of over \$69,500. Partnering with Jack Templin, the EDC has launched RINexus.com, which was debuted last week at a meeting of the Providence Geeks, where nearly 150 of the state's leading ITDM leaders were gathered.

Ms. Withers explained that The RINexus.com portal features a comprehensive directory of IT and digital media companies in Rhode Island, an interactive blog, and up-to-date news section of Rhode Island IT/digital media companies, forums for discussion of ideas, a calendar of upcoming events and the RI Nexus Marketplace – a free, one-stop place to find and post local info-tech and digital media-related jobs, internships and more. She reported that Director Kaplan spoke at the meeting and that the enthusiasm was energizing and optimistic.

In other news, Ms. Withers reported that the 2007 Innovation Awards, a partnership between the EDC and Providence Business News, was hosted by the EDC at the Hasbro headquarters last week. This awards program recognizes the people and the organizations in Rhode Island that are making innovation a priority. She reported that this year's awards was held in partnership with the Tech Collective and included their annual awards. Ms. Withers provided a copy of the awards program and a special section of the Providence Business News to be released next week (See **Exhibit E**). Governor Carcieri noted that over 300 people attended the awards ceremony and that the excitement was palpable and very positive.

Ms. Withers also reported on the Business Innovation Factory (BIF) summit to be held October 10 – 11 at Trinity Rep. This is the third annual BIF summit and will be co-hosted by Wall Street journalist Walt Mossberg, and Bill Taylor, author of "Mavericks at

Work". She explained that the summit brings together innovators from all sectors and industries to explore themes in innovation and uses personal storytelling to share insights on how people and organizations innovate. This year's summit includes over 25 storytellers, none of whom are paid to come, but who come because they believe in the value of the program. Ms. Withers provided the Board members with more details, including a list of the storytellers participating in this year's summit (See **Exhibit F**). Director Kaplan announced that the Vice President of Innovation at General Mills had called him today to register for the summit.

Governor Carcieri noted that Larry Houston, a senior executive with Procter & Gamble, attended the summit in the past and is now a member of the BIF Advisory Council. Mr. Kaplan reported that he makes a point to talk to each storyteller in his efforts to "sell" Rhode Island.

4. FOR APPROVAL OF FY '07 AUDIT REPORT

Mr. Richard Reed explained that representatives from Braver PC, auditors of the Corporation's FY '07 financial statements, were present to answer any questions of the Board regarding their draft audit report (See **Exhibit G**). Mr. Biliouris had questions regarding the notes to financial statements regarding uninsured and uncollateralized deposits and wanted more information regarding the type of risk these accounts present. Governor Carcieri explained that there is an approved list of financial institutions, and that any amounts held over 60 days are deposited to one of these financial institutions.

Mr. Biliouris also questioned the allowance for uncollectible receivables reported by QDC, RIAC and SBLF, to which Attorney Stolzman explained that these are not receivable of the EDC, and that a formula is used to estimate uncollectibles. Mr. Kaplan stated that a more detailed update of the SBLF and other financial programs of the Corporation will be presented at future board meetings. Mr. Stolzman noted that the SBLF is a lender of last resort.

There being no further questions regarding the audit report, upon motion duly made by Ms. Green and seconded by Mr. Stokes, the following vote was adopted:

VOTED: That the FY '07 Audit, as presented to the Board this date, be approved.

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

Voting against the foregoing were: None.

5. FOR APPROVAL OF AUTHORIZED SIGNATORIES.

Attorney Stolzman announced that some staff restructuring within the Corporation had recently taken place and that Mr. Earl Queenan had moved to more of

a financial marketing position, and Mr. Michael Saul is now handling the day to day financials of the Corporation. As a result it is necessary to approve signatory powers to those who are authorized to sign on commercial deposit accounts for the Corporation.

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

VOTED: See Vote at **Exhibit H.**

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

Voting against the foregoing were: None.

There being no further business in Public Session, the meeting was adjourned at 4:45 p.m., upon motion made by Mr. Shuster and seconded by Mr. Biliouris.

Robert I. Stolzman, Secretary

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