

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

MARCH 24, 2008

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, March 24, 2008, 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, Ms. Cheryl Merchant and Mr. Alexander Biliouris.

Director absent: Ms. Kimball Hall.

Also present were: Executive Director Saul Kaplan and members of the Corporation's staff.

Governor Donald L. Carcieri presided over the meeting.

1. **CALL TO ORDER**

Governor Carcieri called the meeting to order at 4:00 p.m.

2. **APPROVAL OF THE MINUTES OF THE MEETING HELD ON FEBRUARY 25, 2008**

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 February 25, 2008.

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

Voting against the foregoing were: None.

3. **EXECUTIVE DIRECTOR'S REPORT**

Executive Director Saul Kaplan stated that the Economic Growth Plan 2008, a draft of which had been presented to the Board at the last board meeting, has been

published and distributed. A copy of the publication and the cover letter which was sent to several thousand companies is attached as **Exhibit A**. Mr. Kaplan noted that there are 21,000 copies of the Plan in print.

Mr. Kaplan also noted that the Corporation has received a fair amount of press coverage lately and provided the Board members with a press package of recent articles (See **Exhibit B**). He emphasized an article published by The Boston Globe on February 27, 2008, describing Rhode Island as a growing “high-tech hub”.

Mr. Kaplan explained that most of the elements of the Economic Growth Plan 2008 are in progress, with the goal of improving Rhode Island’s business and tax climate. He noted that a couple of bills have been introduced and several others are in the works to look at the State’s current tax structure. The Corporation has put together a position paper on state tax issues which will be presented to the General Assembly later this week (See **Exhibit C**).

Governor Carcieri commented that the State budget is facing tough times and that the revenue forecast due in May will most likely be worse than expected. He noted that he would be speaking at the annual meeting of the State Planning Council later this evening. Governor Carcieri indicated his desire for the EDC to continue its efforts regarding tax issues. Concurring with the Governor, Mr. Kaplan agreed that it is very important for the EDC to be active in this matter.

Continuing his report, Mr. Kaplan stated that the a draft of the proposed revisions to the Rules and Regulations for the Expedited Permit Process, also known as the “CCEC” program, is now in the process of public review. A copy of the draft has been posted (See **Exhibit D**) and a public hearing will take place within about 30 days. Mr. Kaplan noted that the Board will have to approve the revisions at the appropriate time.

Mr. Kaplan referred to the Governor’s recent announcement regarding the consolidation of the Economic Policy Council (EPC) into the Economic Development Corporation (See **Exhibit E**), noting that the EPC will remain in existence and will continue to meet quarterly, as an advisory council to the EDC. Governor Carcieri stated that he is looking for more emphasis on implementation and less emphasis on planning.

Governor Carcieri commented on the State’s current dismal job picture. He noted that an analysis of 35,000 Rhode Island businesses in January and February indicated that 31,000 – 32,000 of those businesses are small, with only 2 – 3 employees, and that downsizing in such small businesses would have a huge impact on the State. Governor Carcieri also noted that banks and other lending institutions are tightening their belts and he would like to help these institutions become more flexible in granting credit to small businesses.

Governor Carcieri also noted that the SBA is launching a new program and will be coming to Rhode Island soon to make a presentation to major lenders to address current credit issues, especially with regard to small businesses.

Mr. Kaplan expressed his appreciation of the Board's support in these tough economic times.

4. APPROVAL OF INNOVATION TAX CREDIT APPLICATIONS

Mr. Kaplan explained that three companies are being presented to the Board for pre-approval for Innovation Tax Credits. The applications of the three companies have been reviewed by the EDC's internal review committee, and are being recommended for pre-approval by the Board. Mr. Kaplan explained further that once the companies obtain the Board's pre-approval, they will attempt to raise capital. In response to requests from Board members after the first round of pre-approvals, each company will make a presentation so as to provide adequate information for the Board to make a decision.

Ms. Emma Durand, President and Chief Technology Officer of **Isis Biopolymer, Inc.** ("Isis") made a presentation to the Board to support its application for pre-approval of Innovation Tax Credits (See **Exhibit F**). She explained that Isis has developed a medical device, known as the "Isis Patch", for the delivery of medications through the skin. A sample patch was passed among the Board members. Ms. Durand explained that the transdermal delivery of medications helps the medicine to move quickly through the skin into the blood stream.

Ms. Durand's presentation included a summary of the members of the leadership team for Isis, including herself, Dr. Miao Yong-Cao, Director of Polymer Research, Michael Jordan, Director of Product Development, Dr. James Cesare, Dr. Edward Iannuccilli and Dr. Lucille Lanna. She explained that the members of the leadership team have great expertise, as well as strong track records in the areas of technology and licensing. Ms. Durand noted that the Isis team is the same group that successfully developed the first mass-produced flexible pulse oximeter in 1992.

Isis was founded in 2007 and anticipates having its technology licensed. Ms. Durand stated that the company expects to have up to 18 employees by September 2008.

In describing the Isis Patch, Ms. Durand explained that it is active, rather than passive, and delivers medications more like an I.V. than a traditional patch. She noted that the device can deliver up to 3 medications at a time. The patch is programmable and does not require inpatient stay, something the insurance companies look upon as favorable. Ms. Durand noted that the device is wireless, light and small and is applicable to a wide variety of drugs. She stated that the patch is highly controllable and can be programmed by a physician.

Ms. Durand stated that the company has filed two provisional patent applications in 2007 and will be filing additional applications in early 2008. The company also anticipates FDA approval by August 2009.

In response to a question of Mr. Shuster, Ms. Durand stated that the company wants to stay in Rhode Island, and is in active negotiations with a pharmaceutical company.

Responding to a question of Mr. Stokes, Ms. Durand explained that the company's present space is leased and manufacturing is expected to be farmed out to China and other places. Upon inquiry of Ms. Merchant, Ms. Durand stated that Rhode Island will be the location for research and development, and that a manufacturing facility in Warwick is anticipated at some point in the future.

There being no further questions, 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, Ms. Green, Ms. Merchant and Mr. Biliouris.

Voting against the foregoing were: None.

Mr. Stokes wanted to know if the legislation for this program requires the companies to remain located in Rhode Island. Mr. Kaplan stated that there is no requirement for the companies to remain in Rhode Island, but it is the EDC's job to make the climate favorable enough so that the companies will be able to remain in the State. After further discussion regarding this matter, Mr. Kaplan suggested that he would consider the imposition of a penalty to be imposed on any company that received the credits and then left Rhode Island.

Ms. Marian Marcoccio, RN, next made a presentation to the Board regarding **EvoCare Infusion Services** ("EvoCare") (See **Exhibit H**). Ms. Marcoccio, Managing Partner of EvoCare, described herself as a nurse by profession, and noted that her partners, Mr. Joseph Haley and Mr. Bernard Lambrese, were also present at the meeting. She explained that EvoCare is a business focused on Home Infusion Therapy, or the administration of intravenous medications in an outpatient setting, whether it be a home or an ambulatory treatment center. The company would be based in Rhode Island, with satellite branches throughout New England.

Ms. Marcoccio noted that EvoCare has an experienced management team and expects to take advantage of recent mergers within the industry to recruit talent and customers.

Mr. Haley noted that he has had a lot of success in the past with starting up other businesses in the health field in Rhode Island and keeping Rhode Island as a central location while expanding with branches throughout the area. In particular, Mr. Haley noted that he had used an EDC education grant to start up Health Care Strategies, LLC, a consulting business.

Ms. Marcoccio explained that the company is trying to raise \$400,000, which will be used for working capital for salaries and wages, the build-out of a specialized pharmacy, purchase of billing and pharmacy software and to provide for 60 day receivables from third party payers.

Mr. Biliouris commented that he would feel more comfortable if future applicants would include a projection of operations, to which Mr. Kaplan responded that , although this information is shares with the EDC's internal review committee, care must be given with respect to how much information can be shared with the public.

Mr. Stokes asked if there might be a liability concern, with people administering too much medication to themselves, to which Ms. Marcoccio replied that nurse oversight and pharmacy oversight would help to prevent this situation. Mr. Haley noted that the concept of EvoCare is not new, as there are other companies doing this business in Rhode Island. The advantage of EvoCare is that it would be a local company, insuring more quality care on a local basis.

There being no further questions, upon motion duly made by Mr. Shuster and seconded by Ms. Merchant, the following vote was adopted:

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

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

Voting against the foregoing were: None.

Ms. Maria Gil, a co-founder of **ER Card**, distributed to each Board member an envelope containing a sample member package (See **Exhibit J**), and followed up with a Power Point presentation (See **Exhibit K**). Ms. Gil explained that the ER Card is an electronic personal record (ePHR) which contains health information, such as other medications being taken, allergies, emergency contact information and the like, that can be used by health care providers to better care for patients. The company has partnered with the URI College of Pharmacy, Salve Regina University and Purvis Systems, for its development and administration.

Ms. Gil explained that the ER Card provides anytime, anywhere access to personal health information via the web, telephone, fax and USB flash drive. She passed around a sample USB flash drive, which is the size of a business card, to demonstrate its portability. Ms. Gil noted that the company is committed to the privacy of personal information.

The ER Card features Care Management Service, Medication Profile Review, Emergency Notification System and an EMT Care Link, stated Ms. Gil. The City of Warwick has installed computers on its emergency vehicles to allow EMT's to access patient information on rescue vehicles. Ms. Gil explained that, in conformance with

HIPAA regulations, signed Release and Verification of Information forms are required to activate the ER Card accounts and release information.

Ms. Gil's presentation included a summary of the cost of the product to consumers. Ms. Gil noted that the ER Card is effective at reducing the cost of care and reduces over-testing and over-treating by health care professionals.

The company started small with a modest legislative grant from the State of Rhode Island, and has been in business for eight years, with thousands of individuals and companies as members. The program was launched in Warwick, integrating Kent Hospital, the Warwick Fire Department, primary care physicians and senior residents.

Responding to a question of Mr. Montanaro, Ms. Gil explained that privacy is password-protected. In reply to a question of Governor Carcieri, Ms. Gil stated that the data input comes from patient self-reporting.

There being no further questions, upon motion duly made by Mr. Shuster and seconded by Ms. Merchant, the following vote was adopted:

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

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

Voting against the foregoing were: None.

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. Merchant.

Robert I. Stolzman, Secretary