

**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

**MEETING OF DIRECTORS**

**PUBLIC SESSION**

**NOVEMBER 24, 2008**

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

Directors absent: Mr. Frank Montanaro and Ms. Alma Green.

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 4:00 p.m.

**2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON OCTOBER 27, 2008**

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

**VOTED:** To approve the public session minutes of the meeting held on October 27, 2008.

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

Voting against the foregoing were: None.

### **3. EXECUTIVE DIRECTOR'S REPORT**

Director Kaplan distributed a packet of recent press clippings regarding economic development matters in Rhode Island (See **Exhibit A**). He reported that there was good news in the recently issued Kaufman New Economy Report which placed Rhode Island at number 11 in the country regarding its efforts with a new knowledge-based economy. Mr. Kaplan noted that Rhode Island placed at number 29 in this sector in 1999, and that the goal now is to break into the top 10. He stated that it is the EDC's intention to have Rhode Island come out of the current economic downturn stronger than it was going in.

Mr. Kaplan also reported on a new program to be effective as of January 1, 2009, which will focus on identifying alternative sources of capital for small businesses. He noted that Governor Carcieri has met with local bank presidents to discuss this matter. The goals are to try to make more funds available for the small business loan fund, increase the guaranty program and enhance credit with local banks.

Director Kaplan also reported that the Corporation is working on strengthening its business attraction efforts by trying to get more private sector participation, and is also moving forward with its green economy efforts. He noted that the CCRI Commission, which will involve the EDC working with CCRI to create a 21<sup>st</sup> Century workforce, will be starting in early 2009, as will an entrepreneurship program with Brown, URI and other local educational institutions. Finally, Mr. Kaplan reported that staff is working on improving the expedited permitting process in order to make it easier for businesses to get the necessary permitting necessary for development.

Governor Carcieri noted that expedited permitting is a hot issue right now and that the legislature is involved in this program, as legislation may be required. He reported that permitting for a wind farm, which would otherwise be ready to go, currently takes about two years to complete. Governor Carcieri noted that expedited permitting is not only an issue at the state level, but is also an issue at the city and town levels.

Mr. Kaplan reported that Mr. Biliouris recently met with EDC staff to offer a small businessman's perspective on this matter.

Governor Carcieri stated that there is a willingness within the various permitting departments to expedite the process, but there needs to be a discussion among the state and the various municipalities to coordinate efforts.

Mr. Stokes noted that Rhode Island is a home rule charter state and that each city and town has its own set of rules for permitting, which makes it harder to achieve statewide change. He stated that there is a need to educate some of the smaller communities, especially those which do not have full time planning personnel, and that this will take some time to accomplish. He suggested that a project-based inducement might work more quickly.

Governor Carcieri explained that it may take legislation to create hard and fast time frames.

Mr. Kaplan noted that some things can be done at the state level and then take those changes to the local communities, particularly those that are already in tune with this matter. Mr. Stokes offered that it may be best to start with those communities which have enterprises zones.

Mr. Biliouris noted that, as a developer, he sees a need to get through the permitting process in a timely manner. He offered that it might be worthwhile to create a study to create a uniform plan of review to be implemented on the local planning levels. Ms. Merchant suggested that the criteria must be cut and dry, as it is with the EDC.

Governor Carcieri suggested that this matter be brought to Kevin Flynn in Statewide Planning and that an effort be made to get people together around this effort.

Mr. Stokes noted that the municipalities select locations for business development and then come to the EDC for assistance with permitting issues.

**4. FOR APPROVAL OF AMENDMENTS TO THE CORPORATION'S RETIREMENT PLANS.**

Mr. Kaplan noted that the Corporation has had a 401(a) Plan in place for its employees since 2006 and that the Plan's administrator, The Angell Pension Group, has recommended the following changes (See Summary at **Exhibit B**).

The first change is administrative in nature, and has to do with granting signature authority to J. Michael Saul, Deputy Director of Management Operations, and Susan Morgan, Director of Accounting.

Upon motion duly made by Mr. Shuster 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. Stokes, Mr. Shuster, Ms. Merchant, Mr. Biliouris and Ms. Hall.

Voting against the foregoing were: None.

Mr. Kaplan explained that the second change recommended by the Plan's administrators has to do with providing for full vesting after one year of service.

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

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

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

Voting against the foregoing were: None.

Mr. Kaplan explained that the proposed COLA adjustment to the Corporation's pension plan would affect only those employees who had not yet retired as of December 1, 2008. This amendment will eliminate the 3% COLA adjustment for future retirees in order to keep the Corporation in line with its budget. Mr. Kaplan explained that the amendment will affect employees at the EDC and at the Quonset Management Corporation. He added that this matter can be reviewed and reconsidered on a year to year basis.

Mr. J. Michael Saul explained that this proposal resulted from discussion with The Angell Pension Group about the diminution in the value of the Plan. He stated that the Plan currently has a \$2 million unfunded pension liability and assets of \$9.7 million. In response to an inquiry of Governor Carcieri, Mr. Saul explained that current retirees will not be affected by this change, as the COLA adjustment is written into the Plan for current retirees and cannot be changed. Mr. David Pratt Wood, Director of Actuarial Services for The Angell Pension Group, confirmed that it is common in retirement plans for government employees that COLA cannot be taken away from persons who are already participating in retirement benefits.

Mr. Kaplan explained that the current Plan includes a perpetual 3% COLA increase. He also noted that current employees will be given until March 1, 2009, as opposed to the originally proposed deadline of December 1, 2008, to make a decision about whether or not to retire. He stated that if fiscal circumstances improve in the future, the COLA could be put back into the Plan.

Mr. Shuster questioned whether this aspect of the Plan can be changed back and forth from year to year. Mr. Wood explained that Mr. Shuster is correct and that annual changes could raise vesting issues. Mr. Kaplan stated that this amendment is fiscally prudent at this time.

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

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

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

Voting against the foregoing were: None.

## 5. FOR APPROVAL OF RENEWABLE ENERGY DEVELOPMENT FUND RULES AND REGULATIONS

Mr. Kaplan reminded the Board members that the proposed rules and regulations for the Renewable Energy Development Fund were circulated to the Board for review at the last meeting. Since that time, the appropriate notices were made and a public hearing was held on November 17, 2008. He noted that the hearing was the most well attended hearing he has witnessed since he has been with the Corporation. The hearing produced very constructive conversations and input, indicating that there is a lot of interest in this issue. Mr. Kaplan stated that this is the Corporation's entry into the green sector and he believes there is a lot of job potential in this area.

Attorney Stolzman explained that the legislature, at its last session, moved the responsibility of administration of the Renewable Energy Development Fund to the EDC. He noted that staff worked with National Grid, the Office of Energy Resources and Rhode Island Housing to develop the rules and regulations. He explained that statutes require the EDC to establish the rules and regulations and to include funding for municipalities, non-profit affordable housing and technical research. He noted that the Board packages included a red-lined copy of the proposed rules and regulations as well as a final draft (See **Exhibit F**).

Mr. Stolzman explained that the amendments to the rules and regulations include a specific definition of affordable housing, as requested by Rhode Island Housing and Mortgage Finance Corporation (RIHMFC), a clarification of the approval criteria to include diversity of renewable energy sources and the cost per kilowatt hour of energy produced over the life of the project. Another suggestion from RIHMFC was to add a provision for giving preference to the greatest number of units available per community. Mr. Stolzman explained that over a dozen agencies participated in the public hearing and that most of the revisions suggested were technical in nature.

Mr. Kaplan stated that there is \$4.2 million in the fund at this time, of which \$3.2 million will be used to fund SAMP for a wind analysis. He noted that the fund is replenished at the rate of about \$200,000 per month from the electric bill surcharge.

After a careful recruiting process, Mr. Kaplan announced that Julian Dash has been selected to be the Director of this program, and that Jenn Paolino has been hired to staff the team, which will be putting together a strategic plan.

Governor Carcieri stated that he wants to see that this plan is integrated with the state's energy policy. He wants to focus on the impact of this plan and to see the benefits of renewable energy at scale. Mr. Stokes agreed with Governor Carcieri on this point. Attorney Stolzman explained that there are 9 criteria for approval, all of which are result-oriented.

Mr. Stokes stated that this program must be marketed, with specific outreach to large companies. Mr. Kaplan agreed that the EDC will be proactive rather than reactive, with this program.

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. Stokes, Mr. Shuster, Ms. Merchant, Mr. Biliouris and Ms. Hall.

Voting against the foregoing were: None.

Following the vote, Mr. Stokes commented that the EDC must focus on sustaining jobs in addition to creating jobs.

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