

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

JANUARY 26, 2009

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, January 26, 2009, 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: Mr. Keith Stokes, Ms. Alma Green, Ms. Cheryl Merchant, Mr. Alexander Biliouris and Ms. Kimball Hall.

Directors absent: Governor Donald L. Carcieri, Mr. Frank Montanaro and Mr. George Shuster.

Also present were: Interim Executive Director J. Michael Saul, 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 4:00 p.m.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON DECEMBER 15, 2008

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

VOTED: To approve the public and executive session minutes of the meeting held on December 15, 2008.

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

Voting against the foregoing were: None.

3. FOR APPROVAL OF 2009 GARVEE BONDS

Attorney Stolzman reminded the Board that a summary of the proposed 2009 issuance of GARVEE bonds had been made at the last meeting, and noted that Ms. Maureen Gurghigian, from First Southwest, financial advisors, was present, along with Bond Counsel Stephen Carlotti and Adam Gwaltney from Hinckley Allen & Snyder, LLP, to answer any additional questions of the board members.

Mr. Stolzman directed the board's attention to the two (2) offering memoranda in the board packages (See **Exhibit A**). He explained that the board is being asked to approve the issuance of up to \$183,262,000 in 2009 Grant Anticipation (GARVEE) Bonds, based on anticipated federal transportation revenues, and up to \$28,993,000 in 2009 Motor Fuel Tax Revenue Bonds, all to finance certain highway, rail and bridge improvements, including the Route 195 Relocation, Washington Bridge, Sakonnet River Bridge, Freight Rail Infrastructure Project and Route 403 Project. Mr. Stolzman pointed out that pages 5 – 9 of the proposed Resolution set forth the authorizations to be voted on pursuant to the terms of the memoranda. He noted that the cost of the GARVEE Bonds is not to exceed \$325,000,000, the cost of the Motor Fuel Tax Bonds is not to exceed \$44,769,120, and the interest rate on each is not to exceed 6.75%.

Mr. Biliouris asked why the interest rate ceiling is so high, to which Ms. Gurghigian responded that, because the market has been so volatile, it is better to anticipate a higher rate than what is really expected, so as not to have to come back to the Board for another vote. She also noted that this rate is the maximum allowed by legislation.

Mr. Carlotti explained that it is important to keep in mind the timing for the projects. He stated that the RIDOT needs the funds in March in order to get started on the projects, and that a good estimate of the pricing will not be available until early March. Mr. Carlotti stated that the intention is to anticipate the lowest possible price in order to meet the RIDOT's timing.

Mr. Saul commented that the cost is based on current conditions in a very volatile market.

Ms. Gurghigian added that the last two Garvee bond issues had a 5.75% cap and the pricing was well below the cap those times. She stated that the cap moved up 100 points due to the volatility in the market.

Mr. Biliouris asked why the Board was being asked to vote on this at "crunch" time. Mr. Stokes noted that these projects were identified some time ago, and that rebuilding the Sakonnet River Bridge is very important. Mr. Carlotti explained that this matter was studied last summer, but it did not make sense to borrow money at that time, so the decision was made to wait until now. He noted that the Sakonnet Bridge bid was only opened a week ago, and added that there is no intention of selling the bonds any higher than is necessary to fund this project. Mr. Saul added that the RIDOT

was not ready until now, and that there was at least six months of due diligence put into this matter.

In response to a question of Ms. Merchant, Mr. Carlotti noted that the Board's vote is the last action needed from the Corporation to go forward.

There being no more discussion on the matter, upon motion duly made by Ms. Green and seconded by Ms. Hall, the following vote was adopted:

VOTED: See text of Vote at **Exhibit A.**

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

Voting against the foregoing were: None.

Following the vote, Ms. Merchant asked that there be an update on this matter at the next Board meeting.

4. INTERIM EXECUTIVE DIRECTOR'S REPORT

Mr. Saul referred to several handouts, including a copy of a RIEDC Corporate Overview presented to the Governor's Review Panel on January 15, 2009 (See **Exhibit B.**) He noted the initiatives set out on page 3 of the report, and stated that more details will be presented to the Board at future meetings.

Mr. Saul noted that the RIEDC staff is reviewing the details of the federal economic stimulus plan proposed by President Obama to determine its economic development impacts.

Mr. Saul reported that staff has collected a lot of data on projects currently going on in the State, both state-wide and municipal-wide, and they are in the process of putting it all together for a report to the Board.

Mr. Saul referred to another handout regarding a report made by John Riendeau to the RI Economic Policy Council on January 14, 2009 regarding the EDC's Defense and Homeland Security Sector, particularly the BRAC 2005 & RI Defense Economic Impact (See **Exhibit C.**) He noted that this sector is a \$1.75 billion industry in Rhode Island, which has completed a lot of projects.

Referring to an announcement this date at URI regarding the opening of a new center for biotechnology, Mr. Saul expressed his appreciation to AMGEN, particularly Board member Ms. Kimball Hall, for their efforts and support of this project.

Mr. Saul noted that the annual Boat Show will be held during the upcoming weekend, during which a panel will discuss marine trades in Rhode Island. Mr. Stokes

stated that there is a need for a private education center with respect to marine trades, as the community college is not yet ready to provide this type of training.

In other news, Mr. Saul reported that the State's Tourism Division recently won the International Star Diamond Award for recognition as a world-class destination and excellence in tourism. He noted that this is the first time the State has won this award.

Mr. Saul also noted that the economic downturn has caused Goetz Custom Sailboats and Colibri to close, and that Pearson Yachts recently had a significant layoff of its personnel. He stated that the EDC was in conversations with each of these companies, but that the banks pulled lines of credit which were needed to survive. He added that Mr. Goetz was unsuccessful in his attempt to obtain private funding to keep his business going. Mr. Saul expressed his hope that someone will step forward to rescue the Goetz and Colibri businesses.

In other economic news, Mr. Saul noted that Bank of America has laid off 120 people in Rhode Island and that Sovereign Bank has decided to exit the precious metals business, which will no doubt have a negative impact on the jewelry industry in Rhode Island.

Mr. Biliouris noted that he has noticed a lot of money going into the Rhode Island Renewable Energy Fund from his electric bills. Mr. Saul confirmed that those funds are coming into the Rhode Island Renewable Energy Fund, and that the largest expenditure the Fund has at the moment is the CRMC Special Area Management Plan, but the Fund has also funded a municipal wind power project in Portsmouth. He noted that the Town of Jamestown was also recently awarded a \$30,000 wind energy grant, and that the New England Institute of Technology has a request in for funds for a wind turbine.

Mr. Stolzman explained that, as required by the legislature, the Rhode Island Renewable Energy Fund has completed a long term (5-year) strategic plan, which is out for public comment and will be presented to the Board at a future meeting. Mr. Saul noted that he has invited all municipalities in for an explanation of this plan. He added that the fund could quickly rise to \$10 million.

Upon inquiry of Mr. Biliouris, Mr. Saul stated that there is a vehicle in place to get the word out to builders of new buildings that using renewable energy sources will qualify for economic assistance. Mr. Andrew Cutler added that the EDC has hosted several presentations on this matter, which he described as being "standing room only" in attendance.

Mr. Stokes noted that Mr. Biliouris made a good point and that it should be the EDC's goal to expand the Renewable Energy Fund as a tool. He suggested that presentations be made to CEO's, professional boards and accountants to help in making people aware of the program. Mr. Biliouris suggested adding home builders to that list, to encourage the advantages of using energy efficient products and materials. He noted that this program will help to reverse the idea that the cost of utilities is a big negative in Rhode Island.

Ms. Green stated that her experience has shown that builders of single family homes believe that working with energy efficient materials and procedures is not worth the extra effort required.

Details on additional current economic development news can be found at **Exhibit D**.

There being no further business to come before the Board, the meeting was adjourned at 4:45 p.m., upon motion made by Ms. Green and seconded by Ms. Merchant.

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Robert I. Stolzman, Secretary