

**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

**MEETING OF DIRECTORS**

**PUBLIC SESSION**

**FEBRUARY 23, 2009**

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, February 23, 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. Frank Montanaro, Mr. Keith Stokes, Mr. George Shuster, Ms. Alma Green, Ms. Cheryl Merchant, Mr. Alexander Biliouris and Ms. Kimball Hall.

Director absent: Governor Donald L. Carcieri (who was attending National Governor's Association meeting on the economy).

Also present were: Interim Executive Director J. Michael Saul, members of the Corporation's staff and Attorney Robert I. Stolzman.

Mr. Montanaro presided over the meeting and Attorney Robert I. Stolzman acted as Secretary.

**1. CALL TO ORDER**

Mr. Montanaro called the meeting to order at 4:00 p.m.

**2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON JANUARY 26, 2009**

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

**VOTED:** To approve the public session minutes of the meeting held on January 26, 2009.

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

Voting against the foregoing were: None.

### 3. INTERIM EXECUTIVE DIRECTOR'S REPORT

Interim Executive Director J. Michael Saul reported that he and Governor Carcieri attended a ribbon-cutting ceremony for InQuest Technologies on February 11, 2009. This company relocated its corporate headquarters to 300 West Exchange Street in Providence from Massachusetts. The company created 19 high-wage employees since October 2008, and has already added another 14 employees since moving to Providence. At a lunch meeting with Michael Colapietro, Co-founder and CEO of InQuest Technologies, Mr. Saul was told that the company plans to hire another 10 employees. The company was assisted with its expansion and relocation by RIEDC, including a \$750,000 loan from the Small Business Loan Fund. More details on this and other economic development news can be found at Exhibit A.

Referring to a handout (See Exhibit B) regarding the Rhode Island Science and Technology Advisory Council (STAC), Mr. Saul reviewed STAC's three priority recommendations for 2009:

1. Continue the transformation of Rhode Island's science and technology enterprise to improve the quality of life for our citizens, including the renewal of its National Science Foundation Experimental Program to Stimulate Competitive Research (EPSCoR) grant in the amount of \$20 million over the next five years.
2. Create an Alliance to enable and strengthen business and innovation activities throughout Rhode Island, involving public and private institutions, to be known as the Center for Innovation and Entrepreneurship.
3. Strengthen the organizational capacity of STAC, by recommending that the State's \$100,000 investment in STAC be renewed for fiscal year 2010, and directing that STAC develop a model which will fully align statewide programs and integrate activities to create a long-term sustainable structure that supports interaction and cooperation.

In other news, Mr. Saul reported that Wildtree Herbs plans to move its Tennessee operations to Rhode Island, and that SGE has obtained a training grant. He also noted a job fair to be held in Aquidneck in March, and that Retrostandard Labs of Cranston has received an appropriation from the Department of Defense.

Mr. Saul reported that Every Company Counts (ECC) plans to hold 9 small business workshops and that the division head of ECC will be attending a forum for Rhode Island farmers.

**4. FOR APPROVAL OF THE CENTER FOR INNOVATION AND ENTREPRENEURSHIP WITH BROWN UNIVERSITY**

Referring to his memorandum to the Board (See **Exhibit C**), Mr. Saul explained that the Board's approval is being requested for a \$100,000 investment in a partnership with Brown University to create The Rhode Island Center for Innovation and Entrepreneurship (CIE). This is a two year investment, with \$50,000 to be invested in 2009 and the remaining \$50,000 to be invested in 2010, provided that certain milestones have been met as set form the Memorandum of Understanding (MOU) to be executed by the EDC and Brown (See **Exhibit D**). He noted that the 2009 investment of \$50,000 is included in the 2009 budget.

Mr. Saul described the CIE as an exciting proposition and vital to increasing jobs for entrepreneurs, as it will provide a central location for early stage companies to collaborate. He explained that the CIE will bring to scientists, engineers, designers and innovators the tools necessary to commercialize their ideas and create businesses that will generate jobs and enhance job growth in Rhode Island.

Mr. Saul noted that, although Brown and the EDC will be the founding members, STAC and the Slater Technology Fund (Slater) have agreed to become supporting members, with contributions of \$50,000 each, payable in equal installments in 2009 and 2010, subject to state appropriations. In addition, letters of interest and support have been received from RISD, Lifespan and URI. Other institutions, as well as private sector businesses, will also be asked to participate.

Mr. Saul introduced the following individuals who were present at the meeting in support of the CIE: Mr. Clyde Briant and Mr. Richard Spies, both from Brown University, Mr. Richard Horan, from Slater, Dean Jeffrey Seeman from STAC and URI, and Mr. Thomas Deller, from the City of Providence.

Ms. Hall and Mr. Stokes inquired as to the role large corporations, such as Textron and Amgen, will have with the CIE. Mr. Stokes commented further that he does not equate small businesses with universities. Mr. Saul responded that the plan is for large companies such as Textron and Amgen to participate in this program. Mr. Stokes stated that he would like to see the private sector more involved from the onset.

Mr. Stokes asked if the focus of the CIE would be to fund academic researchers, to which Mr. Saul responded that was only a part of it. He explained that Brown was willing to host the program and that the program is geared more toward innovation-based businesses, but any Rhode Island business is welcome to use the resources. Mr. Saul emphasized the need in Rhode Island to engage the universities and colleges more in direct business formation and expansion.

In response to a question of Ms. Hall, Mr. Saul stated that both Brown and the EDC support bringing large companies into the CIE to help support the program.

Attorney Stolzman explained that the notion is to spur knowledge-based industries and attract the research and academic sector to help develop new businesses. He stated that the MOU is intended to create a framework between the academy and science, design and technology-based businesses, to take the creative spirit from the laboratory or classroom and match it with development of a business. The economic development parlance for this historically has been called "technology transfer".

Upon inquiry of Ms. Merchant, Mr. Stolzman explained that the Board is being asked to approve a two-year contract with a total \$100,000 investment. He stated that the 2009 investment of \$50,000 is already in the budget.

Mr. Saul stated that the state needs more business starts and that the EDC needs to assist in creating as many businesses as possible. He explained that there are two types of business starts in Rhode Island, one being high wage innovation businesses and the second being retail on Main Street. He noted that the Small Business Development Center is very helpful to the latter, but not to the former. He explained that the MOU will be more helpful to the development of high wage innovation businesses.

Upon inquiry of Mr. Montanaro as to what the cost will be in years 3, 4 and 5, Mr. Saul explained that staff has not projected out that far yet, but that the hope is that, by year 3, the EDC may not have to invest any more money into the CIE, as enough other entities will have joined in with financial assistance. He stated that the MOU is expected to be a sustainable model, and also noted that prospective entrepreneurs will have to pay a fee to use the center. Mr. Saul reported that Brown has committed to an investment of \$250,000.

Ms. Green asked if time is of the essence in this matter, to which Mr. Saul responded that the sooner this is approved, the sooner it can get started. He noted that there is no other program like this in the local market.

In response to Mr. Stokes' statement that he would like to see more private company involvement from the outset, Mr. Saul stated that the principals want to get started before approaching private companies.

Mr. Biliouris acknowledged his agreement with Mr. Stokes, and stated there must be a vehicle to bring in the public. He stated that he sees this program as directed more towards institutions and academics.

Mr. Saul responded that the EDC will sell this program to the marketplace, and that Brown will sell it to the institutions, noting that EDC is the natural entity to facilitate this. He also stated that InQuest has expressed an interest in getting on the advisory board.

Mr. Biliouris asked if consideration had been given to proprietary issues, to which Mr. Saul replied that he does not foresee this being a problem.

Mr. Stokes commented that this appears to be a Brown University Center, to which Mr. Saul replied that it is not only a Brown enterprise. Dr. Jeffrey Seeman, Dean of Research at UR and co-chair of STAC, concurred with Mr. Saul, adding that this is a program for the State of Rhode Island.

Mr. Shuster noted that the letters of support appear to be very similar. Mr. Saul acknowledged that, although the letters appear similar, he met with RISD, URI and LifeSpan and does not believe they would sign the letters if they were not really interested. Mr. Clyde Briant concurred with Mr. Saul on this matter.

Dr. Seeman stated that universities are not always good at integrating into the business world, and cited Cambridge and MIT as being successful in combining innovation and business. He noted that most of the great technologies of today have come out of this type of alliance. Dr. Seeman also noted that no university or hospital has the resources to take this on by itself. He added that the program should be able to sustain itself financially after the first couple of years.

Mr. Saul noted that the CIE will better leverage STAC and Slater investments and build a better pipeline for business development. Mr. Stokes acknowledged that this makes more sense.

Mr. Biliouris commented that these programs do not seem to be directed to the general public, and that some entrepreneurs may not be able to afford the fees required to participate. He requested some analysis in the future on affordability and use of the CIE by small businesses.

Mr. Briant responded by saying that the program is being planned so as to attract all types of entrepreneurs.

Mr. Stolzman stated that a provision be added to the MOU to revisit the matter with the Board at a later time.

Mr. Shuster made a motion to approve the proposed resolution, as amended by him in his motion to provide for the CIE to provide to the RIEDC a business plan within 120 days, reflecting the anticipated participation of the private sector, a more detailed identification of the entrepreneurial services offered and cost structure, and Mr. Stokes seconded the motion. There being no further discussion, the following vote was adopted:

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

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

Voting against the foregoing were: None.

There being no further business to come before the Board, the meeting was adjourned at 4:55 p.m., upon motion made by Mr. Shuster and seconded by Ms. Merchant.

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Robert I. Stolzman, Secretary