

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

MARCH 23, 2009

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, March 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: Governor Donald L. Carcieri, Mr. Frank Montanaro, Mr. Keith Stokes, Ms. Cheryl Merchant, Mr. Alexander Biliouris and Ms. Kimball Hall.

Directors absent: Mr. George Shuster and Ms. Alma Green.

Also present were: Interim Executive Director J. Michael Saul, 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

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

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON FEBRUARY 23, 2009

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

VOTED: To approve the public session minutes of the meeting held on February 23, 2009.

Voting in favor of the foregoing were: Mr. Montanaro, Mr. Stokes, 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 distributed an outline of his presentation (See **Exhibit A**) regarding recent economic development news. He noted that Ms. Armeather Gibbs and Mr. Julian Alssid were present at the meeting to make a presentation on the CCRI 21st Century Workforce Commission later in the meeting.

Mr. Saul also noted that he spoke at the SBANE (Smaller Business Association of New England) meeting on March 11, 2009, where he emphasized that the EDC, particularly through its Every Company Counts program, focuses much of its efforts on small businesses, and not only on attracting large businesses.

Mr. Saul stated that there are currently two leadership positions open within the EDC, one being for a Director of Economic Strategic Planning, and the second being for a Director of Marketing & Communications. With respect to the latter, Mr. Saul noted that the Corporation recently contracted with Duffy & Shanley to handle its direct marketing and communications.

In other economic news, Mr. Saul noted the relocation of Wildtree's warehouse and distribution center from Tennessee to Warwick, a move that was facilitated by the EDC and the Department of Labor and Training. In addition, a U.K. based company known as Moo.com will open a new office in East Providence in April.

Mr. Saul reported that STAC is launching a new page on its website to report federal grant opportunities emerging from the federal stimulus package, and the Commission is also exploring the use of Regional Greenhouse Gas Initiatives (REGGI) funds to expand research grant opportunities.

Mr. Saul noted that URI's Annual Financial Services Symposium will take place on April 7 at the Rhode Island Convention Center, featuring Martin Gruenberg, Vice Chairman of the FDIC, as the keynote speaker.

In other financial sector news, Mr. Saul reported that Advanced Financial Services, Inc. (AFS), headquartered in Newport for 25 years, is adding new jobs to fill its needs as a direct consumer marketer and originator of residential mortgage credit products.

Mr. Saul reported that the new Rhode Island Center for Innovation and Entrepreneurship, which was approved at the February Board meeting, will hold a ribbon cutting ceremony for its new offices at Davol Square on April 28, 2009.

Mr. Saul also reported that the ECC (Every Company Counts) program has held 43 workshops for small business owners and has met with 109 new small businesses since January 1, 2009.

Mr. Saul noted that he met with Senator Reed's office that morning regarding the Small Business Loan Fund and the funds anticipated to come in from the economic stimulus program.

As promised, Mr. Saul reported on the GARVEE bonds that were approved in January. He noted that the \$169 million GARVEE bonds had an interest cost of 4.66% and the \$12.4 million Motor Fuel Tax Revenue Bonds had an interest cost of 5.46%. He reported further that the bonds received favorable ratings by the bond rating agencies.

Mr. Saul reported that Renewable Energy Fund projects funded to date include the Ocean Special Area Management Plan (SAMP), United Natural Foods, Jamestown Wind Feasibility and DEM. He noted that United Natural Foods is getting closer to being ready to move into their new facilities. He also stated that two applications from DEM have been funded, one being the construction of a 50-meter MET tower at the Camp Cronin site in Narragansett, and the other being the installation of a 10kW wind turbine as part of the redevelopment of the Salty Brine beach house.

Governor Carcieri expressed a need to accelerate the SAMP program, as it presents a huge opportunity for the creation of jobs at Quonset and elsewhere in Rhode Island.

Regarding the I-195 relocation, Mr. Saul reported that Mr. Chan Kreiger's report is nearing completion and should be available by mid-April.

Governor Carcieri commented that pressure is building on small businesses in that the banks are getting tougher with credit, and he is trying to see what the State can do to change this. Mr. Saul agreed that this is a serious issue, having heard from many small business owners at the SBANE meeting. He noted that there have been a number of calls regarding the Small Business Loan Fund.

A package of recent news articles regarding economic development was also distributed to the Board members (See **Exhibit B**).

4. FOR PRELIMINARY APPROVAL OF INNOVATION AND GROWTH TAX CREDIT FOR ALBION SECOND FACILITY LLC

Mr. Saul introduced Mr. William Cesare, whom he described as a "serial entrepreneur", to make a presentation on the request for preliminary approval of Innovation and Growth Tax Credits for Albion Second Facility LLC. He noted that this will be the second facility of its kind, the first being in Lincoln, and that the matter clearly presents job opportunity, as well as the collaboration of medicine and academics.

Mr. Cesare stated that he has been investing in Rhode Island for the last 25 years, and has founded 7 different health care businesses in the State. He noted that he has 6 companies in his portfolio and that he has personally contributed \$2 million to these businesses.

Using a PowerPoint presentation (See **Exhibit C**), Mr. Cesare explained that the “Albion Court” facilities will be the first of their kind in Rhode Island, created for the exclusive care of victims of Alzheimer’s Disease. He stated that Albion Special Care LLC was formed in Rhode Island in 2006, and the first facility opened in Lincoln two weeks ago with 6 residents to date. The company is now planning for a second facility to be located in Exeter. To that end, the following has already been completed and/or secured: 1) feasibility study; 2) demographics study; purchase and sale of land (5.75 acres; 4) HUD-232 Loan Program; and 5) private investment raised in the amount of \$1.25 million.

Mr. Cesare explained that the tax credit is being sought for the purposes of “smart room” technologies to be installed at the facility. Examples of these are electronic medical records, tele-health monitoring and interactive community networks. He noted that economic impacts will include construction spending, high level jobs and revenue. For the Exeter facility, over 60 construction jobs are anticipated, as well as 68 – 100 employees.

In response to a question of Mr. Biliouris regarding the cost of health care, Mr. Cesare stated that the cost to reside at this facility is \$5,900 per month, all inclusive, compared to over \$7,000 per month for this type of care in a regular nursing home. He stated that there is no better value for care of Alzheimer’s patients. He also noted that many other health care facilities have increased their fees for Alzheimer’s care recently, some as much as 12%.

Responding to a question of Governor Carcieri, Mr. Cesare stated that there are no other stand alone Alzheimer’s facilities in Rhode Island at the present time.

Mr. Biliouris asked if the facilities are cost efficient, to which Mr. Cesare replied that the facilities themselves are more costly to build due to their design. He explained that the facilities are built as one building with 4 self-contained “neighborhoods”. He noted that the company has hired some great people.

In response to a question of Mr. Saul, Mr. Cesare stated that a Medicaid waiver would be helpful. He explained that some Alzheimer’s clients need more social care services than medical care, as opposed to a facility where the care is strictly for medical purposes.

Responding to a question of Mr. Biliouris regarding the design of the building, Mr. Cesare explained that the facility is designed exclusively for Alzheimer’s patients, so there is no burden of trying to have several different types of services.

Mr. Stokes stated that he does not believe the technology services described by Mr. Cesare are all that innovative and asked for an expansion on that subject. Mr. Cesare responded by saying that the three systems he explained are unique in Rhode Island and currently are not available in other systems in the State. Governor Carcieri explained that it is the application of the technologies, rather than the technologies themselves, that are unique, which qualifies the project for innovation credits.

Governor Carcieri also noted that Brown University has been doing a lot of work on aging and technology and that Mr. Cesare should consider working with Brown. Mr. Cesare responded that he has had discussions with Dr. Schneider of Lifespan.

In conclusion, Mr. Cesare explained that the Albion facilities will offer better patient care at an affordable cost. He also confirmed that the request is for a credit in the amount of \$100,000.

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

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

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

Voting against the foregoing were: None.

5. FOR APPROVAL OF DRAFT FY '08 RIEDC PERFORMANCE REPORT

Mr. Saul stated that the FY '08 Performance Report presented to the Board (See **Exhibit D**) tells a good story. He noted that the report includes a lot of numbers, including the number of companies assisted, the number of jobs created, the amount of money invested in new capital projects and the amount of federal, state and local contracts facilitated by the EDC.

In response to a question of Mr. Biliouris, Attorney Stolzman acknowledged that the numbers presented in Table 2 of the report, particularly with respect to UTGR, are correct.

Mr. Stokes stated that the report presents a detailed synopsis and is a great fact sheet, and asked if there are plans to make the report available to the public. Governor Carcieri responded that the Board and the legislature presently have the report and that it is public information. He suggested that Duffy & Shanley be consulted as to how to best get the report out to the public, particularly to the respective chambers of commerce and municipalities.

A vote being needed to approve the transmittal of the report, upon motion duly made by Mr. Stokes and seconded by Mr. Biliouris, the following vote as adopted:

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

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

Voting against the foregoing were: None.

6. FOR PRESENTATION AND UPDATE ON CCRI COMMISSION

Mr. Saul Introduced Ms. Armeather Gibbs, who was appointed by Governor Carcieri to chair this commission.

Ms. Gibbs stated that the goal of this commission is to make the Community College of Rhode Island (CCRI) the kind of learning institution that will put Rhode Islanders to work. She explained that she is invested in this commission both personally and professionally. On the personal side, Ms. Gibbs stated that she was born and raised in Rhode Island and was educated at CCRI. On the professional side, Ms. Gibbs is the COO of the United Way of Rhode Island. She noted further that all commission members have been appointed and the first meeting will be held on March 26, 2009.

Ms. Gibbs noted that she has spent a lot of time with EDC personnel in developing this commission. The commission will be community based and will reach out in many different ways to all stakeholders for input. The commission's goal is to have recommendations on the Governor's desk in early 2010.

A packet of information regarding CCRI was distributed to the Board members (See **Exhibit E**). Ms. Gibbs noted that Mr. Ray DiPasquale, President of CCRI, would have been at this meeting had it not been for another commitment. She then introduced Mr. Julian Alssid, Executive Director of the Workforce Strategy Center, to provide more information on the CCRI Commission.

Mr. Alssid distributed a report entitled "Working Together" (See **Exhibit F**). He described the Workforce Strategy Center as a national nonprofit organization which has worked with 22 states to better align education with the workforce.

Mr. Alssid explained that the days when one could graduate from high school and go right into a job at a manufacturing plant are over. Most jobs now require post-graduate education. He stated that there are many unfilled jobs for the highly skilled individual, but there are not enough highly skilled people to fill the jobs. He said that this is where "education pays".

The Workforce Strategy Center targets high growth job areas that tie into regions and looks into the future of workforce development and economic development. Mr. Alssid noted that the Center is driven by data. He works with employers to shape the design by determining what the employers need, and serves a full spectrum of students and workers. Mr. Alssid stated that the success of the Center is based on partnerships and changing the system.

Noting that he has done some work in Rhode Island, Mr. Alssid stated that Governor Carcieri has "led the charge" by bringing the community college together with the economic development corporation to develop a good plan. He noted that the Center was very successful in Virginia, bringing together the department of education,

the economic development corporation, the state council on higher education, the department of labor and training and the community colleges, all to work on improving job development and employment in Virginia.

Governor Carcieri noted that one of the key issues with CCRI has been that it has been more of a remedial institution, helping students to complete what they should have completed in high school, so that they can go on to further learning. He stated that 56 – 57% of freshmen at CCRI need remedial help, and that there is a great need to improve education in grades K – 12 to drive up the graduation rates, although recent reports indicate that Rhode Island is seeing some improvement in graduation rates.

Mr. Stokes commented that this is one of the most important investments the state can make, adding that the community college represents Rhode Island.

Mr. Alssid noted that at least ¾ of Rhode Island's current workforce has some post secondary education, which is even more reason to support this initiative.

Governor Carcieri agreed with Mr. Alssid, and stated that students need to be better prepared to take advantage of a post secondary education. He added that there are many skilled jobs out there but the employers have a hard time finding individuals with the required skills.

Mr. Saul commented that it is to Rhode Island's advantage that it has only one community college.

7. FOR REVIEW AND DISCUSSION OF ECONOMIC GROWTH PLAN 2009

Governor Carcieri stated that Mr. Alfred Verrecchia and his team on the Review Panel are working on a report for general changes to economic development in Rhode Island. In the meantime, the EDC staff prepared a 2009 Growth Plan for actions to be taken this year. An outline of the plan was presented to the Board members in advance of the meeting (**See Exhibit G**).

Mr. Biliouris commented that this is a great plan, but added that there is a need to "shock the system". He stated that the RIEDC must become a household name and be more in the public view. Mr. Biliouris noted that Rhode Island could lead the country in economic development, particularly in the areas of tourism, renewable energy and real estate. He stated that it is important to get people excited about what is going on in the state.

Mr. Saul noted that, while the 10.5 unemployment rate is a big concern, it is also important to get the 90% who are working to spend money again. He referred to President Obama's message of confidence.

Mr. Saul acknowledged that this is a work plan and that hopefully a more strategic plan will come out of the Review Panel.

Ms. Merchant commented that the state cannot grow without retaining what it has, and that 2009 is a survival test for the future of many Rhode Island companies.

Mr. Saul's final comment emphasized the need to help small businesses.

There being no further business to come before the Board, the meeting was adjourned at 5:20 p.m., upon motion made by Ms. Merchant and seconded by Mr. Montanaro.

Robert I. Stolzman, Secretary

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