

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

SPECIAL MEETING OF DIRECTORS

PUBLIC SESSION

April 20, 2009

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, April 20, 2009, in Public Session, at 4:00 p.m. at the State Room, State House, Smith Street, 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, Ms. Kimball Hall, Mr. George Shuster and Ms. Alma Green.

Also present were: Interim Executive Director J. Michael Saul, Attorney Robert I. Stolzman and members of the Governor's Review Panel On Economic Development, including Alfred J. Verrecchia, Edward Cooney, Paul Choquette, George Nee, Marc Crisafulli and Sue Stenhouse.

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. VOTE TO MEET IN EXECUTIVE SESSION

Upon Motion made by Mr. Shuster and seconded by Ms. Merchant, the Board voted unanimously to adjourn to executive session pursuant to subsection (1) and subsection (7) of the Rhode Island General Laws, §42-46-5(a) the open meetings law.

3. RIEDC REVIEW PANEL MEMORANDUM AND RECOMMENDATION

The Governor explained his creation of the Review Panel to assess the state's economic development agency. He noted that he felt that the Rhode Island Economic Development Corporation had not had enough focus and that Saul Kaplan's resignation as Executive Director created an opportunity to look at the economic development function in Rhode Island. Specifically, how is Rhode Island performing economic development? Additionally, how is the Economic Development Corporation implementing those functions?

Mr. Verrecchia summarized the review panel's work, including its process and results. [Rather than transcribe Mr. Verrecchia's summary, we attach hereto a copy of the report which was very well summarized by Mr. Verrecchia. We note that the report

was made available to the Board of Directors of the Rhode Island Economic Development Corporation shortly following this special meeting – See **Exhibit A**].

Upon the conclusion of Mr. Verrecchia's summary, each of the review panel members was asked whether they had any further comments.

Mr. Choquette indicated that it was necessary to merge the Economic Policy Council functions into the Economic Development Corporation as the split between policy formation and implementation was causing confusion and inaction on economic development fronts. Mr. Choquette also commented that Rhode Island needs to have a more vigorous presence with the Federal Congressional Delegation and in Washington, and has concern that Rhode Island's Washington office is not staffed, therefore leaving Rhode Island with a potential loss of opportunities. The Governor responded that the Federal stimulus money is being well managed and that the state could improve its economic development coordination with the Federal Congressional delegation and agencies in Washington, DC.

Mr. Nee commented that there are too many architects of economic development policy in Rhode Island and that economic development policies are not well coordinated. Rhode Island has not focused on "natural advantages (education; health care; community)." Rhode Island needs a comprehensive economic development strategy.

Mr. Cooney commented that he agreed with Mr. Choquette and Mr. Nee and that Rhode Island needs to build on its natural strength. He further stated that economic development needs to be a "real priority" of state political leaders.

Mr. Crisafulli commented that Rhode Island should be "quick and nimble" and utilize proximity and small size to its advantage in economic development. He noted that the Economic Development Corporation needs to build relationships and that failed relationships cannot be cured by legislation.

Ms. Sue Stenhouse noted that Mr. Stephen Lane, also on the review panel, could not attend today's meeting, but she wanted to report on his behalf that Rhode Island needs to become knowledgeable and refocus efforts on current technologies and current business practices, especially in the way businesses are developed today (e.g., many manufacturing businesses are also high tech businesses).

The Governor then asked members of the Board to comment.

Mr. Stokes commented on three areas: the need for the Economic Development Corporation's governance to include active and vigorous committee work in order to engage committee members; adequate capitalization (budget) of the economic development function; and he urged the Governor to remain the Chairman of the EDC Board of Directors as it is both a practical reality that the Executive Branch functions must be lead vigorously by the Executive Branch leader (i.e., the Governor) and the Governor's office also has the "bully pulpit" on economic development matters. This prompted extensive discussion by and among the members present at the meeting over the role of any Governor.

Mr. Shuster agreed with Mr. Stokes' comment. He added that there needs to be a vigorous advocate with strong advocacy skills at the helm of the RIEDC. The

Executive Director must not only be intellectually capable of formulating and articulating policy, but must have the public advocacy skills to convey the strategy and help implement it.

Mr. Biliouris emphasized a need for small business advocacy and strategy development. Moreover, he pressed vigorously for a time line effecting changes and asked the Governor and the review panel to consider specific time lines with respect to implementation of the recommendations. The Governor responded to Mr. Biliouris saying that a search for an executive director would commence immediately. Additionally, the Governor noted that he already has commenced discussion with legislative leaders regarding legislative changes necessary to effectuate some of the changes.

Mr. Montanaro commented that in his long tenure on the EDC Board he has come to the conclusion that the Executive Director and economic development leaders need to be independent from the politics of the office. He encouraged the review panel to create a job description for both the Executive Director and the committee members who will be working with the Executive Director to formulate state strategy. Mr. Montanaro also noted that many of the recommendations put forth by the review panel have been tried in the past, and he concludes that they need to be tried again, but with vigorous executive leadership.

Mr. Verrecchia responded to Mr. Montanaro by reiterating his summary, to some degree, and making it even more clear that there are basically three components to the recommendations: first, create a strong and vigorous Board of the EDC; second, hire an extremely capable and competent Executive Director (at this point Mr. Verrecchia made it clear that he has high regard for Mike Saul who has acted under difficult conditions as an Interim Executive Director and encouraged Mr. Saul to “throw his hat in the ring” for the permanent Executive Director’s position); and third, create a vibrant and cohesive economic development strategy “embedded in public policy.”

Ms. Merchant praised the review panel for identifying recommendations that are “long overdue.” She indicated that she has lived all over the world and thinks very highly of Rhode Island. However, she is concerned that Rhode Island leadership often is not prompt or vigorous enough in addressing concerns, and these recommendations should not become “just another study.” Ms. Merchant also agreed that the Governor needs to chair the Economic Development Corporation as he is the chief executive of the economic development enterprise.

Ms. Hall indicated that she would be concerned if the Governor did not chair the economic development enterprise. She commented that Rhode Island needs streamlined and effective government activities.

Mr. Crisafulli responded to some of the comments regarding the Governor’s role in chairing the Economic Development Corporation by pointing out that testimony during the review panel’s process revealed that while gubernatorial leadership at the executive level on the EDC Board may have benefits, it may also have the negative impact of having the Governor override or drive an agenda that is not Board driven. The Governor weighed in saying that he was of mixed feelings regarding this issue, and that he would take it under advisement.

Ms. Green commented on her long history in Rhode Island and made observations about the Rhode Island business culture. She indicated that the economic development enterprise should be a priority of the government and the Governor should share the economic development functions. She noted that Rhode Island business ambitions should become far reaching. Mr. Choquette commented on the business expectations and culture of Rhode Island businesses as well.

The Governor thanked the Review Panel and the Economic Development Corporation Board of Directors. He asked the current Economic Development Board of Directors to continue to serve as vigorously as they have done until he and the legislative leaders could come to a conclusion on the reorganization of the Economic Development Corporation Board (including the reorganization of the Economic Policy Council Board for incorporation into the Economic Development Corporation Board).

4. RECONVENE OPEN SESSION

Upon motion by Mr. Shuster and seconded by Ms. Merchant, the Board of Directors voted unanimously to adjourn the executive session and return to public session.

Mr. Stolzman, as Secretary of the Corporation Board of Directors, announced that no actions were taken by the Board of Directors in Executive Session.

5. VOTE TO ADJOURN

Upon Motion by Mr. Shuster and seconded by Ms. Merchant, the Board of Directors of the Rhode Island Economic Development Corporation voted unanimously to adjourn at approximately 6:00 p.m.

Robert I. Stolzman, Secretary