

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

APRIL 27, 2009

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, April 27, 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, Mr. George Shuster, Ms. Cheryl Merchant, Mr. Alexander Biliouris and Ms. Kimball Hall.

Director absent: 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 MEETINGS HELD ON MARCH 23, 2009 AND APRIL 20, 2009**

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

VOTED: To approve the public session minutes of the meeting held on March 23, 2009 and the special meeting held on April 20, 2009, as submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Montanaro, Mr. Stokes, Mr. Shuster, 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 a summary of recent economic development news (See **Exhibit A**) to the Board members and commented on some of the highlights, beginning with the formal opening of the Rhode Island Center for Innovation and Entrepreneurship to take place the following day, April 28, 2009. He noted a ceremony commemorating the event is to take place at Davol Square, with Governor Carcieri presiding and Brown University President Ruth Simmons being a featured speaker.

Mr. Saul also noted that STAC (Rhode Island Science and Technology Advisory Council) officially launched a new page on its web site dedicated to information regarding federal grant opportunities resulting from the federal stimulus package (See **Exhibit B**). He also reported that the Renewable Energy Fund is currently reviewing 40 applications for \$3.4 million for investments in renewable energy projects. He noted that one of the most significant of these projects is a DEM wind feasibility study regarding the installation of a wind turbine at Salty Brine Beach.

Regarding the manufacturing sector, Mr. Saul reported that staff has been working hard at attracting new businesses to Rhode Island and assisting existing local businesses with their needs, including efforts to relocate a significant jewelry manufacturer with a potential 75 – 100 jobs over the next two years to the State.

Similarly, stated Mr. Saul, staff is working with a significant life sciences sector expansion in Lincoln and collaborating with the defense sector on a biotech attraction opportunity.

Mr. Saul reported that RIMES (Rhode Island Manufacturing Extension Services) has approved nine manufacturing companies for RIEDC/RIMES Manufacturing Grants, and that RIMES was awarded \$15,000 by the City of Providence as part of the Knowledge Economy Grants Awards for the Rhode Island Innovation Network and Business Development Program at Johnson & Wales University.

The Tourism Division is working with Rhode Island Monthly to develop and promote "Rhode Trips" to encourage Rhode Islanders to vacation at home during the summer. Mr. Saul also noted that the Rhode Island Travel Guide (See **Exhibit C**) has been mailed to 20,000 offices in New York, Connecticut and Maine, with circulation expected to reach over 1,000,000 consumers.

Mr. Saul reported that the ECC (Every Company Counts) program continues to be very active, having held 14 workshops since the last Board meeting, with more than 495 small business owners attending.

Mr. Saul stated that the Chan Krieger report regarding the I-195 relocation report should be completed soon at which time the report will be released to the public.

Finally, Mr. Saul reported that the Small Business Loan Fund recently approved three loans totaling \$750,000, all of which should close in May.

Governor Carcieri reported that he was in Warren that morning at Jamiel's Shoe World, along with a host of other people, including Senator Jack Reed and Congressman Patrick Kennedy, for the announcement of a SBA-backed loan to the company, a direct benefit from the federal stimulus package. He noted that Coastway Credit Union provided the loan and has approved two others.

Governor Carcieri also reported that the request for the RIEDC to have \$25 million in loan guaranty authority did not pass in the FY 2009 budget. He stated that legislative leadership did not support this request because it was in part a "piggyback" on the SBA guarantee, which was increased from 75% to 90% in the federal stimulus package. Governor Carcieri and Mr. Saul noted that they met with the House Finance Chair and the plan is to educate the legislature on the need for the RIEDC guarantee and introduce it again in the FY 2010 budget.

The Governor noted that Forbes has offered to include inserts regarding Rhode Island in its magazine at not cost to the State and recommended that staff follow up on his offer.

Noting the recent negative press about Streuver Bros.' financial problems, Governor Carcieri asked if this has had any effect on the work being done in the building for the United Natural Foods project. Mr. Saul reported that the United Natural Foods project has not been too adversely affected by this situation and that the work is continuing. Mr. Saul reported further that the Phase I of the rehabilitation of the American Locomotive Works buildings is all in place, and that Phase II will follow later. He noted that McCormack Baron, a partner of Streuver, has taken the lead on this project.

Mr. Biliouris noted that he heard about an event that took place in Cumberland at which Congressman Patrick Kennedy was in attendance and which was sponsored in part by the SBA, and asked if the EDC was aware of this event. Deputy Director Bill Parsons reported that the EDC was aware and was represented at the event. Mr. Biliouris stated that he heard the meeting was chaotic and that not much was accomplished by it. Ms. Katharine Flynn, Director of Business Development, stated that the event was put on by the Town of Cumberland's economic development unit, to which Mr. Stokes responded that the EDC needs to get active with these types of efforts by the municipalities. Governor Carcieri agreed that the cities and towns need to reach out to the EDC to get assistance with economic development. Mr. Saul said that he would follow up on this with Mark Hayward, the district director of the SBA and with Cumberland Mayor McKee regarding this matter.

Recent news articles regarding economic development in Rhode Island can be found at **Exhibit D**.

Attorney Stolzman noted that the agenda item regarding the approval of Innovation and Growth Tax Credits for ISIS Biopolymer would be continued to the next Board meeting.

4. FOR SELECTION OF INDEPENDENT AUDIT FIRM

Mr. Stolzman reported that staff issued an RFP for the selection of an independent auditing firm for the Corporation and that a memo regarding the responses was included in the Board packages (See **Exhibit E**). He stated that staff recommended Braver PC, formerly known as Prescott Chatellier Fontaine & Wilkinson) as the best candidate. Mr. Saul stated that, in addition to being the lowest bidder, this firm has been the corporate auditor for the last three years and has provided excellent service.

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

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

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

Voting against the foregoing were: None.

5. FOR APPROVAL OF TECHNICAL AMENDMENT TO 2005 AIRPORT REVENUE BONDS INDENTURE

Attorney Stolzman introduced Brian Shattle, Senior Vice President of the Rhode Island Airport Corporation (RIAC) and Attorney Dan Waugh, bond counsel for RIAC, who were present to answer any questions. Mr. Stolzman explained that an amendment to the 2005 bond indenture is necessary because the bond insurer, MBIA Insurance Company, is no longer rated in the two highest rating categories by two rating agencies, a requirement of the indenture. The proposed amendment will remove this requirement to allow for a change in rating. Mr. Stolzman noted that the RIAC Board approved this amendment at its last Board meeting.

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

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

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

Voting against the foregoing were: None.

6. OTHER MATTERS

Mr. Shuster, while stating that he was not disappointed in the Governor's review panel report, he was very disappointed in the communications process regarding the special meeting held on April 20, and suggested that this could have been avoided. Governor Carcieri agreed that the communications process was not handled well in that there was too much focus on the negative.

Mr. Biliouris stated that he disagrees with the recommendation that the Board members are not to represent specific localities or constituencies, and that the current rules related to the board makeup stay in place. Governor Carcieri responded by stating that sometimes people get carried away with specificities and that he would like to see the legislature leave it open and not be so specific. He suggested that the rules should state that the Board be of a certain size and include persons who are dedicated to economic development and have the skill sets necessary to be board members.

Mr. Montanaro asked if the recommendations of the RIEDC Review Panel are going to be put on the fast track, to which Governor Carcieri responded that he wants this dealt with in the current session. Mr. Stolzman acknowledged that the Governor's staff has begun work on this legislation.

With respect to Mr. Biliouris' statement, Mr. Stolzman noted that there are currently only two specific constituencies are required for the board, one being a labor representative and one being a small business representative. He stated that other boards, including the Quonset Development Corporation board, have more specific requirements for some of its board members.

There being no further business to come before the Board, the meeting was adjourned at 4:30 p.m., upon motion made by Mr. Shuster and seconded by Ms. Merchant.

Robert I. Stolzman, Secretary