

**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

**MEETING OF DIRECTORS**

**PUBLIC SESSION**

**JUNE 22, 2009**

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, June 22, 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 bylaws of the Corporation and applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Mr. Keith Stokes, Mr. George Shuster, Mr. Alexander Biliouris, Ms. Alma Green and Ms. Kimball Hall.

Directors absent: Governor Donald L. Carcieri, Mr. Frank Montanaro and Ms. Cheryl Merchant.

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

Mr. 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 MAY 18, 2009**

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

**VOTED:** To approve the public session minutes of the meeting held on May 18, 2009, as submitted to the Board of Directors.

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

Voting against the foregoing were: None.

### **3. INTERIM EXECUTIVE DIRECTOR'S REPORT**

Interim Executive Director J. Michael Saul's report can be found at **Exhibit A**, together with a packet of recent press releases regarding economic development news. Mr. Saul highlighted the following items from his report:

The Small Business Loan Fund awarded two loans, totaling \$450,000, in June. These included a \$300,000 working capital loan to Polyworks, Inc., of North Smithfield, and a \$150,000 working capital loan to Safelight Security Advisors, of Providence.

The Rhode Island Dairy Farms Cooperative recently celebrated the five year anniversary of Rhody Fresh Milk and its final payment on a \$125,000 SBLF loan.

Pending approvals at this meeting, the Renewable Energy Fund has awarded a total of \$681,875 in grants to 17 local projects to stimulate growth in the green technology and green energy sectors.

The RIEDC, along with Governor Carcieri and Senate President Paiva-Weed, will host a Green Economy Roundtable on June 26, 2009, at the Crowne Plaza in Warwick, to identify the state's green economy job opportunities. More than 125 leaders in the green sector will help to define a roadmap for Rhode Island's green economy, and 11 companies have signed on as event sponsors.

At its quarterly meeting held earlier this date, the Rhode Island Science and Technology Advisory Committee (STAC) introduced its new co-chair, Dr. David M. Farmer, Dean of the Graduate School of Oceanography at the University of Rhode Island, who is replacing Jeffrey R. Seeman. Mr. Seeman recently accepted a position at Texas A & M University. Also announced were the appointments of Timothy J. Babineau, MD and Pierre Joseph Corriveau, PhD, to STAC's Board of Directors.

The Every Company Counts (ECC) division of the EDC has been very active in assisting new clients and following up with existing clients since the last Board meeting. The ECC also coordinated and scheduled the recently held SBA Salute to Small Business, with 16 workshops for small businesses.

Mr. Stokes was in attendance at the fourth annual Rhode Island Defense and Oceans Day at the Community College of Rhode Island's Newport campus on May 22. This year's theme was "Vision for the Next Decade"

Mr. Saul stated that the EDC is working with the General Assembly leadership and the Governor to restore the proposed cut of one-half of the EDC's current budget prior to the vote of the House of Representatives on June 23.

The remainder of the Interim Executive Director's Report was then postponed until after all agenda items requiring votes were completed.

**4. FOR APPROVAL OF 802 PARTNERS PROJECT, NEWPORT, RI**

Attorney Stolzman explained that the resolution before the Board is consistent with the recent enabling legislation regarding project status approval. He explained that the project is located at the site of the former Christie's Restaurant on Newport Harbor, and it involves the development of a boutique hotel/hospitality center. The project is a green building and is well integrated with the local economy. Mr. Stolzman referred the Board members to the Economic Impact Analysis before them (See **Exhibit B**), and noted that the only tax benefit will derive from the anticipated creation of 16 high-wage jobs, which will result in a personal state income tax revenue of \$77,989. He noted further that construction is already in progress.

Mr. Shuster motioned to approve the resolution and Ms. Green seconded the motion.

Mr. Stokes commented that this is a high end mixed use hotel which will have a higher tax value to the City of Newport.

Upon inquiry of Mr. Biliouris, Mr. Stolzman stated that a time line can be built into the resolution.

There being no further discussion, a motion having been duly made and seconded, the following vote was then adopted:

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

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

Voting against the foregoing were: None.

**5. FOR APPROVAL OF RENEWABLE ENERGY DEVELOPMENT FUND PROJECTS.**

Attorney Stolzman referred the board members to the Memorandum from Julian Dash regarding the Renewable Energy Development Fund (REDF) recommendations for funding (See **Exhibit C**). He explained that REDF is funded through a surcharge on National Grid electric bills, and that the EDC has been given the responsibility to administer the fund.

Mr. Stolzman explained further that, by statute, the REDF must provide funding of up to \$200,000 per year, and June 30 is the end of the fiscal year. He noted that funds are granted two times per year, once in June and once in December.

Mr. Stokes commented that the West Elmwood and Tiverton projects are outstanding examples of community economic development.

Upon inquiry of Mr. Biliouris, Mr. Hashway explained that there is \$4.2 million in the fund, of which \$3.2 million had already been committed to SAMP by the Renewable Energy Development Fund Trust prior to EDC taking it over. He noted that the fund is replenished by \$200,000 per month.

**A. East Bay Energy Consortium**

Mr. Hashway explained that 9 communities are involved in this project to determine the feasibility of multiple sites within the East Bay that would be a good location for wind turbines. He noted that the fund prefers applications that involve the partnering of two or more municipalities, and described this as a unique opportunity.

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

**VOTED:** See Text of Vote at **Exhibit D.**

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

Voting against the foregoing were: None.

**B. Town of New Shoreham-Town Hall**

Mr. Hashway explained that the Town of New Shoreham, which is subject to very high electric rates, is seeking a grant of \$70,000 to install solar panels on its Town Hall. It is anticipated that the solar panels will result in a 30% savings in electricity costs to the Town. Mr. Saul added that this project could be a model for smart technology.

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

**VOTED:** See Text of Vote at **Exhibit E.**

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

Voting against the foregoing were: None.

**C. West Elmwood Housing-Westfield Lofts**

Mr. Hashway stated that West Elmwood Housing Development Corporation (WEHDC) is requesting \$100,000 from the REDF to design and install a 50kw solar PV system in its development of the Westfield Commons redevelopment project. The Westfield Commons project involves the rehabilitation of an old industrial building to a mixed use, mixed income property. The total cost of the project is \$359,000, of which

\$259,000 will be provided by EOS Ventures (EOS), which Mr. Hashway described as a finance company.

Upon inquiry of Mr. Biliouris, Mr. Hashway stated that over 50% of the units will be considered affordable housing.

Mr. Hashway explained further that WEHDC is partnering with EOS through a Purchase Power Agreement (PPA) to finance the installation. EOS will install the solar system at no cost to WEHDC, and, as owner and operator of the system, will then sell the generated electricity back to WEHDC at a price below current market rates, with a fixed increase of 3% per year. Mr. Biliouris expressed concern about the length of the contract between WEHDC and EOS, to which Mr. Hashway explained that staff has not yet seen the contract. He suggested that the resolution be amended to make it subject to a review of the contract.

Mr. Saul stated that it is not up to the EDC to get into the business affairs of its applicants, and that he and staff believe this is a good investment.

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

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

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

Voting against the foregoing were: None.

#### **D. Church Community Housing**

Mr. Hashway described Church Community Housing's (CCH) request for funding as an affordable housing project. The project, to be known as Sandywoods Farms, is to develop a mixed income, mixed use community which will include 53 housing units, 2 affordable homeownership units, a family farm unit and 23 market rate lots, as well as commercial/retail space which will include studios, galleries, a café, bread and breakfast and a farmers market.

CCH is requesting \$100,000 to fund a wind turbine and \$100,000 to fund solar hot water. It has other grant applications pending and, depending on the outcome of those applications, the plan is to grant \$100,000 to the wind turbine application only if other sources of funding are unsuccessful. If the other grant applications are successful, then the funds would then be provided for the solar hot water application.

Ms. Green described the sponsor as being very respectable.

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

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

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

Voting against the foregoing were: None.

**6. CONTINUATION OF INTERIM EXECUTIVE DIRECTOR'S REPORT – PRESENTATION OF RHODE ISLAND OCEAN SAMP**

Mr. Saul introduced Grover Fugate, Executive Director of CRMC, to give a presentation to the Board on Rhode Island Ocean SAMP (“Special Area Management Plan”). Mr. Fugate delivered a detailed Power Point presentation to the Board (See **Exhibit H**), which focused primarily on the use of wind as a viable energy resource, and the research procedures required to identify strategic locations for wind turbines.

Mr. Fugate explained that Rhode Island is the first state in the country to have a SAMP in place. Massachusetts has a plan, but it is not as extensive as Rhode Island’s plan. He noted that Rhode Island is unique in that it encompasses federal waters, and could be the first in the nation to develop a wind farm. Mr. Fugate also noted that Rhode Island is the only state that has zoned its coastal waters for usage as opposed to quality, and that Rhode Island leads the nation in ecosystem management since 1971.

It was noted that Rhode Island is set to be a construction center for wind turbines, which could have a good effect on the State’s economy.

Attorney Stolzman stated that the EDC has entered into a Memorandum of Understanding with CRMC to fulfill SAMP funding requirements.

Upon inquiry of Mr. Shuster, Mr. Stolzman explained that Rhode Island had to have an express authorization from the federal government to proceed with its study and that, so far, Rhode Island’s findings are in concurrence with federal regulations.

It was noted that the University of Rhode Island and Roger Williams University are working very closely with CRMC in this endeavor, which has the potential of being a win/win for all parties.

In response to an inquiry of Mr. Biliouris regarding funding, Mr. Saul explained that the EDC is monitoring the budget quarterly and that \$800,000 has been put in. He noted that SAMP is staying on budget and that, although more funds will be needed at some point, there are other sources from which to derive funding.

Mr. Stolzman commented that the SAMP is the most comprehensive and thoughtful approach he has seen. Mr. Fugate noted that Rhode Island is leading the country in this endeavor.

There being no further business to come before the Board, the meeting was adjourned at 5:15 p.m., upon motion made by Mr. Shuster and seconded by Ms. Green.

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Robert I. Stolzman, Secretary