

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

OCTOBER 26, 2009

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, October 26, 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: Governor Donald L. Carcieri, Mr. Keith Stokes, Mr. George Shuster, Ms. Alma Green, Ms. Cheryl Merchant, Mr. Alexander Biliouris, and Ms. Kimball Hall.

Director absent: Mr. Frank Montanaro.

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 4:05 p.m.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON SEPTEMBER 21, 2009

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

VOTED: To approve the public session minutes of the meeting held on September 21, 2009, as submitted to the Board of Directors.

Voting in favor of the foregoing were: 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'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 business development team continues to be very active and is currently working on 45 active attraction and/or expansion projects which have a potential of bringing over 2,000 new jobs to the State. The team is also in the process of completing a list of accelerators for the next legislative session.

Mr. Saul commended Board member Kimball Hall on the recent Innovation Award presented to Amgen, Inc. at the 2009 PBN Innovation Awards held at Bryant University in September.

Mr. Saul and Governor Carcieri, among others, attended the grand opening and tour of the United Natural Foods (UNFI) space at American Locomotive Works. Governor Carcieri urged the Board members to visit the site to take note of its "green" features, particularly its solar panels.

The EDC will participate in the upcoming Small Business Task Force meeting.

The EDC-sponsored RI Biz Plan Competition will have a "green track" this year. The competition is set to launch October 29, with the winners to be announced in the Spring 2010.

Mr. Saul distributed a copy of the insert that appeared in the September 28, 2009 issue of Fortune Magazine, which featured a positive report on Rhode Island's business economy (See **Exhibit B**). He noted that a similar insert focusing on Rhode Island's green economy will be in the Wall Street Journal's November 4 issue, which has a worldwide circulation.

Governor Carcieri and Mr. John Riendeau, EDC's Sector Lead for the Defense Industry, attended the groundbreaking ceremony at Quonset for the new URI Center for Ocean Exploration research facility and office, featuring the Okeanos Explorer.

The EDC co-hosted a Travel Outlook Breakfast with the Rhode Island Hospitality Association which featured a presentation on the RI Tourism Industry Seasonal Performance. Although the numbers for travel outlook are down, there are some bright spots in the Tourism Industry, particularly in the first quarter of 2010.

The City of Pawtucket held a Manufacturing Summit in October, which was attended by a team from the Business Development Group. Over 40 manufacturers attended the summit, along with city officials. The EDC intends to follow up with these companies.

The Renewable Energy Fund (REF) has been very active and has held marketing events with REF award recipients, all of which were covered by local media. REF is reviewing several additional applications, including 5 commercial applications totaling over \$2 million in requests.

STAC released its Science and Technology Plan for Rhode Island, which can be found on the EDC website (www.riedc.com).

Governor Carcieri noted the recent news items regarding Deepwater Wind and National Grid, and expressed his hope that the two companies can resolve their differences so that Deepwater will be allowed to go forward with its offshore wind farm. He explained that the fact that an offshore wind farm has not yet been built in the United States leads to many questions as to its viability. Governor Carcieri noted that Europe is moving very aggressively in this area and that Rhode Island is leading the way in the United States. He reported that Rhode Island's senators and congressmen have been educated on the industry, and that although the Block Island wind farm is a relatively small venture, a lot can be learned by how it works.

Attorney Stolzman noted that he will be advocating on behalf of EDC at a PUC hearing on October 29 regarding a procedure for long term purchasing of energy.

4. FOR APPROVAL OF TRANSFER OF TITLE OF LADD SCHOOL WATER SYSTEM FROM RIEDC TO QUONSET DEVELOPMENT CORPORATION

Attorney Stolzman reminded the Board that when the water system at the Ladd School in Exeter was failing 10-11 years ago, the Quonset Development Corporation (QDC) took over the operations. Since then a variety of upgrades have taken place and continue to take place. As an administrative matter, to avoid confusion and facilitate working with other agencies, the Board is being asked to approve that the title of the water system be transferred from the EDC to the QDC.

Mr. Biliouris noted that he had discussed this with Ms. Susan Morgan several months ago, when he noted the system as an asset on the financial records, and asked if this transfer would effectively take the water system off the books of the EDC, to which Mr. Stolzman responded affirmatively.

Governor Carcieri noted that there will really be no difference as the EDC and QDC have a consolidated financial statement.

Mr. Saul noted that the system is losing money and does not have a high asset value.

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

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

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

Voting against the foregoing were: None.

5. FOR FINAL APPROVAL OF INNOVATION TAX CREDIT FOR CHARTWISE MEDICAL SYSTEMS, INC.

Prior to presentation of this matter, Ms. Alma Green referred to a recent newspaper article regarding monitoring previously granted tax credits to confirm that the credits are cost-effective. Governor Carcieri explained that it is difficult to monitor the data because of the nature of much of the information being found in personal income tax returns, which are not part of the public record. He stated that the Division of Taxation is working with the Department of Labor and Training to facilitate the monitoring procedure.

Ms. Christine Smith reminded the Board that ChartWise Medical Systems, Inc. had made a presentation at the September Board meeting regarding its request for preliminary approval of innovation tax credits, and that the Board approved the request. The company has since raised \$1.2 million over the last month and has submitted evidence from one investor. Ms. Smith reported that the company has added 6 employees since June and expects to hire 2 more employees by year end. The company is presently testing its product at a hospital in Arlington, Virginia, and plans to market the product at the trade shows in March 2010. It was noted that there is a significant demand for this product, which will facilitate hospitals and other medical facilities in obtaining revenues from Medicare, in the health care industry.

Upon inquiry of Ms. Green, Ms. Smith stated that there currently is no requirement under the program to require that a company that receives innovation tax credits must stay in Rhode Island. Ms. Smith noted, however, that the EDC stays in touch with these companies.

Governor Carcieri noted that there is nothing in the statute to require that credits be repaid if a company moves out of state, and that this might be something to look into. Attorney Stolzman stated that this is the only tax program that does not have a "claw back" provision. He noted that the statute has a sunset procedure and can be reconsidered with the legislature.

In response to a question of Mr. Biliouris, Mr. Stolzman stated that the innovation tax credits are non-transferable but can be carried forward for three years. Recipients of the credits are the employees and the investors.

There being no further questions, upon motion duly made by Ms. Green and seconded by Mr. Stokes, the following vote was adopted:

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

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

Voting against the foregoing were: None.

6. FOR APPOINTMENT OF LESLIE TAITO TO THE BOARD OF DIRECTORS OF THE SMALL BUSINESS LOAN FUND CORPORATION

Attorney Stolzman explained that there is currently a vacancy on the Board of Directors for the Small Business Loan Fund Corporation (SBLF) and that Leslie Taito has volunteered for the appointment. He noted that Ms. Taito is currently Chief Executive Officer of the Rhode Island Manufacturing Extension Services (RIMES) and is highly qualified to serve on this Board. More details on Ms. Taito's qualifications can be found at **Exhibit E.**

Upon inquiry of Mr. Shuster, Mr. Stolzman reported that there are five members of the Board of Directors of SBLF, all of whom serve at the pleasure of the EDC Board. The current members are Raymond Fogarty (Chair), William J. Parsons, Richard DeMerchant and R. Thomas Stocker, Jr.

Ms. Green asked if any of the Board members were from actual small businesses. Mr. Saul responded that, since the decisions made by the Board are lending decisions, the small business community is best served by consultants from financial sector.

Mr. Stokes noted that he has been a liaison to the Board of SBLF for several years and that the entity is very well run by its staff. Mr. Saul added that the SBLF has been in existence for over 23 years and has a good track record.

Ms. Merchant noted that the addition of Ms. Taito to the Board can only be an asset.

Upon motion duly made by Ms. Merchant 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, 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 4:40 p.m., upon motion made by Mr. Shuster and seconded by Ms. Merchant.

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Robert I. Stolzman, Secretary