

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

MARCH 22, 2010

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, March 22, 2010, 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. Alfred Verrecchia, Mr. Karl Wadensten, Ms. Cheryl Snead, Mr. George Nee, Mr. Stephen Lane, Dr. David Dooley, Ms. Donna Cupelo, Mr. Paul Choquette, Dr. Timothy Babineau and Mr. Lynn Singleton.

Director absent: Mr. Daniel Sullivan and Mr. Shivan Subramaniam.

Also present were: Executive Director Keith Stokes, 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. He thanked the members of the Board for their willingness to serve, and noted this as a momentous occasion that was a long time in the making. He stated that the members of this Board represent a broad spectrum of the Rhode Island business community and acknowledged that he has already sensed a positive reaction from the public.

2. APPROVAL OF THE RECORDING OF THE MINUTES OF THE MEETING HELD ON JANUARY 25, 2010

Attorney Stolzman explained that the minutes of the January 25, 2010 meeting of the Board of Directors included the former Board of Directors and, therefore, this Board could not be asked to approve such minutes. He asked if there were any objections to recording the minutes of the January 25, 2010 meeting. There being no objection, the minutes of the January 25, 2010 will be recorded with the minutes of the Corporation and will be posted with the Secretary of the State of Rhode Island, as required under the Open Meetings Laws.

3. APPROVAL OF THE MINUTES OF THE SPECIAL MEETING HELD ON MARCH 6, 2010

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

VOTED: To approve the public session minutes of the special meeting held on March 6, 2010, as submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Verrecchia, Mr. Wadensten, Mr. Sullivan, Ms. Snead, Mr. Nee, Mr. Lane, Dr. Dooley, Ms. Cupelo, Mr. Choquette, Dr. Babineau and Mr. Singleton.

Voting against the foregoing were: None.

4. EXECUTIVE DIRECTOR'S REPORT

See **Exhibit A** for the Executive Director's report and **Exhibit B** for a packet of recent press Releases.

Executive Director Stokes reported that he and Governor Carcieri have been busy meeting with business owners throughout the state, listening to their needs and concerns. He noted that there are a lot of success stories out there, despite the negative economy. Executive Director Stokes offered to provide an agenda of upcoming visits to the Board members so that any who wished to could attend the listening sessions.

As indicated in his report, Mr. Stokes reported that the business development team is working on 60 active leads for expansion or attraction projects, 14 of which should be completed within the next 6 months.

Mr. Stokes noted that he is looking forward to working with local chambers of commerce and enhancing a public/private partnership.

As indicated in his written report, Mr. Stokes reported that the America's Cup Rhode Island 2013 Planning Committee has met weekly since March 5, 2010, and is working diligently on designing and developing a proposal to bring the next America's Cup races to Rhode Island. He noted that the date for the next Cup races is not definite and that it may move to 2014. Some members of the Planning Committee have been in direct contact with members of Team Oracle. Mr. Stokes noted that Mr. Singleton is serving on the Planning Committee and that there are two sub-committees, each working on specific issues. He expects that a proposal will be ready within the next two weeks. Mr. Stokes reported that Senators Reed and Whitehouse have reached out to promote this effort. The Cup will be coming to Washington, D.C. soon and will then have a tour of the East Coast; it is anticipated that a stop will be made in Rhode Island. Mr. Stokes explained further that Fort Adams has been selected as a venue for a large

part of the America's Cup activities, noting that this site is a state asset that has been master-planned for mixed use.

Governor Carcieri noted that the Cup races seem to be going back to the old style of multiple syndicates, which should enhance Rhode Island's chances of being selected. He stated that Mr. Stokes and the Planning Committee are approaching this matter in the best way.

Continuing with his report, Mr. Stokes reported that Quonset Development Corporation (QDC) has received a \$22.3 million TIGER (Transportation Investment Generating Economic Recovery) grant from the US Department of Transportation. The grant will be used to support improvements at Quonset, including further staging for Deep Water Wind.

Mr. Stokes reported that the RIEDC, together with the CCRI Commission, is in the process of completing a final draft of the CCRI Commission Report regarding workforce training. It is expected that the final report will be presented to the Board at the April meeting.

The EDC is facilitating integrated tourism planning, reported Mr. Stokes, bringing all local tourism agencies together for strategic planning. Mr. Stokes stated that it is time to re-brand Rhode Island and focus on creating one tourism plan for all.

Mr. Verrecchia asked if a report exists that explains how tourism dollars are being used, to which Mr. Stokes reported that there currently is no central plan. The EDC is focusing on creating a central plan to encompass all tourism districts, large and small. The goal is to create a central data base to oversee all districts and keep track of how tourism dollars are being spent.

Ms. Snead asked if an analysis is being done to determine how Rhode Island was received by all the visitors for the NCAA tournaments that took place over the past weekend. Mr. Nee stated that this question came up at a recent meeting of the Convention Center Authority and that, while an analysis is being done, not all of it will be made public.

Mr. Stokes stated that the EDC needs to recognize how important tourism is to Rhode Island.

Mr. Wadensten referred to the ads for travel to British Columbia during the recent Winter Olympics and asked how Rhode Island can follow up similarly with recent visitors to the State for the NCAA tournament. Mr. Stokes reiterated the need for a single brand, noting that tourism in Rhode Island is no longer limited to the season between Memorial Day and Labor Day, and that there has been more mid-week travel. He stated that Rhode Island does have a Welcome Center and that its services must be integrated with those of all tourism districts.

Responding to a question of Mr. Choquette, Mr. Singleton reported that many people attend the Providence Performing Arts Center (PPAC) from outside of Rhode Island, but that it depends on what is being shown. He noted that PPAC has received a lot of positive results from advertising by Southwest Airlines.

Governor Carcieri noted that Providence was “electric” this past weekend with all that was going on, including the NCAA tournaments, a fishing show at the Convention Center, a Mary Kay convention, a show at PPAC and a Waterfire. He stated that he has heard nothing but positive feedback, adding that the great weather was another plus.

Mr. Choquette noted the favorable story in the Providence Journal regarding the couple from Tennessee who came for the NCAA Tournament and used their down time to travel all over the State.

Governor Carcieri noted that he wished to report on two additional items, one being the proposal of Dr. Dooley and the higher education team to combine the nursing school programs of URI and RIC into one nursing school center, which would be located near and utilize the hospitals and the Brown Medical School. He reported that this plan presents a great opportunity for the educational institutions, the City of Providence and the State. Governor Carcieri stated that the proposed site is a great location and the nursing school center will be an anchor tenant for the site. He described the proposed nursing school center as a first class, world class health education facility that will elevate the way business is done in Rhode Island. Combining the two institutions’ programs into one center will be cost-effective. Governor Carcieri asked the Board to be supportive of this effort in order to keep it on track and make it a reality.

Mr. Choquette commented that while the plan is for one facility, two separate administrations will be maintained, to which Governor Carcieri responded by stating that we will have to see how it evolves. The first step is to get the facility up and running as soon as possible.

The second item of Governor Carcieri’s concern is getting the Public Utility Commission to approve the contract between Deepwater Wind and National Grid. He stated that an approved contract is key in being able to get Deepwater Wind to go forward. The Deepwater Wind project presents an opportunity for other opportunities to fall into place, such as local manufacturing of turbines. He noted that presently manufacturing of turbines is taking place all over Europe but not in the United States. Governor Carcieri stated that he anticipates giving DeepWater Wind a permit by the end of Summer 2010, and that we should know more by the end of March. Mr. Verrecchia noted that, assuming the contract is approved, a delegation from the Board should make a point to visit turbine manufacturing facilities, an idea which was seconded by Governor Carcieri.

After further discussion, Governor Carcieri commented that wind is better offshore than on land and that the key will be showing that it will work. He noted that Rhode Island will be the first location for an offshore wind farm in the United States.

5. APPOINTMENT OF LYNN SINGLETON AS TREASURER

Upon motion made by Mr. Lane and seconded by Mr. Verrecchia, the following vote was adopted:

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

Voting in favor of the foregoing were: Mr. Verrecchia, Mr. Wadensten, Mr. Sullivan, Ms. Snead, Mr. Nee, Mr. Lane, Dr. Dooley, Ms. Cupelo, Mr. Choquette, Dr. Babineau and Mr. Singleton.

Voting against the foregoing were: None.

6. CONSIDERATION OF RENEWABLE ENERGY DEVELOPMENT FUND MATTERS

Mr. Fred Hashway, EDC Director of Government Affairs, Policy & Innovation, presented a summary of the Rhode Island Renewable Energy Development Fund ("REDF"). He explained that the General Assembly assigned responsibility for management of this fund to the EDC in 2008, and that the REDF is funded primarily by a surcharge on electric bills. In 2009 the REDF received a total of \$2,398,418 in payments, of which \$2,277,945 derived from the electric bill surcharges. Further information on the REDF can be found in the summary provided at **Exhibit D.**

Mr. Hashway highlighted several projects that have received funding from the REDF, including the East Bay Energy Consortium, which is made up of 9 cities and towns in the East Bay, and the Ocean State SAMP (Special Area Management Plan).

Governor Carcieri pointed out United Natural Foods Incorporated (UNFI) as one of the beneficiaries of assistance from the REDF. UNFI received a \$750,000 grant for installation of solar panels, which provide 60% of the energy needs for its 52,000 sq. ft. facility upstairs from the EDC offices.

Mr. Choquette commented that successful recipients of benefits from REDF should be used as examples for others.

Governor Carcieri stated that an effort is being made to get monies from the REDF into the business community. In response to a question of Mr. Nee, Mr. Hashway explained that legislation directs how much of the fund is allocated to each of the four programs, those being municipal, affordable housing, technical feasibility and commercial. Mr. Stokes commented that the program has been very successful.

7. APPLICATION OF BIO-DETEK FOR RENEWABLE ENERGY DEVELOPMENT FUND LOAN

Mr. Hashway presented the request of BIO-DETEK, Incorporated for a REDF loan to facilitate a 177 KW Solar PV Installation (See **Exhibit E** for details of the

request). He explained that BIO-DETEK is a Pawtucket company and that its request includes a typical financing structure. The loan would be payable over 20 years at a 2% interest rate. He also noted that the installation would be performed by another Rhode Island company, Alteris Renewables.

Mr. Verrecchia questioned the company spending \$800,000 to save \$1,000,000 over a period of 20 years, stating that this does not sound like a good return on investment. Mr. Hashway explained that the project is receiving both federal and state subsidies. Mr. Verrecchia said he understood the benefits to the applicant but questioned the overall return on investment regardless of whether or not it is publicly subsidized.

Governor Carcieri offered that all of the savings projections are assuming today's rates, and that future costs per KW hours cannot be compared to day's prices.

Ms. Cupelo asked if the goal is to assist companies in retaining jobs and/or adding employees. In response, Governor Carcieri noted that the nation is subsidizing renewable energy, just as it already subsidizes oil, gas and electricity. Mr. Hashway indicated that job creation also is a factor in application review.

Mr. Verrecchia stated that the Board needs to have some criteria in order to vote on whether or not to give money to a company. Mr. Choquette noted that there is a "pork" aspect to this, and that if the federal money is being made available we should take advantage of it.

Discussion continued on whether or not this type of loan is a good investment decision and what other criteria should be considered prior to making a decision. It was pointed out that this is one of 79 other applications and the Board should be made aware of why this one was chosen for approval and not others. Mr. Hashway stated that there is detailed criteria that the staff considers before recommending a request, and that he would provide the booklet of criteria to any Board member who wished to see it.

Mr. Stokes noted that the company had representation at the meeting and introduced Mr. Bill Abbott, Vice President of Manufacturing, to answer any questions the Board might have. Upon inquiry of Mr. Choquette, Mr. Abbott explained that the company currently has 155 employees, and that most of its assembly is done manually. The company does not have a lot of machinery, and most of its electricity is used for lighting. He added that by controlling costs, the company can be more competitive and thereby more able to keep its employees employed.

Upon motion made by Mr. Wadensten and seconded by Mr. Nee, the following vote was adopted:

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

Voting in favor of the foregoing were: Mr. Verrecchia, Mr. Wadensten, Mr. Sullivan, Ms. Snead, Mr. Nee, Mr. Lane, Dr. Dooley, Ms. Cupelo, Mr. Choquette, Dr. Babineau and Mr. Singleton.

Voting against the foregoing were: None.

8. CONSIDERATION OF PRELIMINARY ECONOMIC DEVELOPMENT ROAD MAP

Director Stokes referred the Board members to the draft economic development road map, which resulted from the Board's special meeting on March 6, 2010 (See **Exhibit F**), and reported that the second public planning session to finalize the plan will be held on Monday, April 5 at 5:00 pm at the EDC offices. It is anticipated that the final draft will be ready for a vote at the regular April Board meeting on April 26.

Mr. Stokes noted that he would be attending a press conference on March 23 at Capco Steel to announce the bill signing for Access to Capital and Credit, and invited all Board members to attend.

Mr. Choquette brought up the question of where future Board meetings should be held so that the public was more aware and able to attend. Mr. Stokes acknowledged that such meetings should be held outside of the EDC offices at various locations around the State.

Mr. Wadensten distributed to the Board members a copy of a bill proposed in the February session of the Connecticut General Assembly regarding "lean government", which offers proposals to implement lean techniques to improve current processes in government. (See **Exhibit G**). Mr. Stokes noted that Mr. Wadensten and his team have been very helpful, having met with the Department of Environmental Management to determine how to make its operations run more efficiently. Mr. Wadensten and his team also plan to meet with the Colonel of the State Police and the Division of Motor Vehicles to see what can be done to streamline their respective processes.

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

Robert I. Stolzman, Secretary