

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

AUGUST 23, 2010

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, August 23, 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 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. Alfred Verrecchia, Mr. Karl Wadensten, Mr. Shivan Subramaniam, Mr. Lynn Singleton, Mr. Paul Choquette, Mr. Dan Sullivan, Mr. George Nee, Dr. Timothy Babineau, Ms. Cheryl Snead and Mr. Stephen Lane.

Directors absent: Ms. Donna Cupelo and Dr. David Dooley.

Also present were: Executive Director Keith Stokes 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 4:08 p.m.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON JULY 26, 2010

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

VOTED: To approve the public session minutes of the meeting held on July 26, 2010.

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

Voting against the foregoing were: None.

Governor Carcieri announced that this meeting had been posted and the agenda had been set and there was to be no discussion at this meeting of 38 Studios.

3. EXECUTIVE DIRECTOR'S REPORT

Executive Director Keith Stokes referred to his report as distributed to the Board members (See **Exhibit A**), noting that 16 companies have expressed interest in locating to Rhode Island in the last month. He noted further that 8 – 10 of those 16 companies contacted the EDC after learning of the new Job Guaranty Program.

Mr. Stokes noted the recent PUC approval of the power purchase agreement for a Block Island wind farm and the upcoming "We Mean Business" expo to be held on September 8, the latter of which is a joint effort of the RIEDC and the Secretary of State's office. He also reported that his media tour to highlight RIEDC accomplishments has begun, and that he met with editors from the South County Independent and the North East Independent. Mr. Stokes plans additional media visits over the next few weeks.

Mr. Stokes also announced that the 3rd Annual Supply Chain Management Summit (see **Exhibit B**) will be held on Thursday, August 26, 2010, at Bryant University, and noted that EDC board member Cheryl Snead is a co-chair of this event. At the request of Mr. Stokes, Ms. Snead reported that this forum is for both large and small businesses, and that she is expecting businesses from Connecticut and Massachusetts, as well as Rhode Island. Upon inquiry of Mr. Choquette, Ms. Snead reported that 160 registrants are expected to attend the summit, with 135 businesses having already registered. Both Governor Carcieri and Mr. Stokes are to make presentations at this event.

Governor Carcieri reported that he and Mr. Stokes will be visiting Naval Station Newport soon. He stated that a lot is going on with respect to plans for the excess land which resulted from the 2005 BRAC (Base Realignment and Closure) program. He noted that the Navy is opening a Supply Corps School, which is relocating from Athens, Georgia. The school will result in a significant number of jobs and students.

Upon inquiry of Mr. Choquette, Mr. Stokes stated that, while he expects that there will be another BRAC program in the future, he anticipates that the next BRAC will be more New England-focused than Rhode Island-focused.

Mr. Stokes pointed out that the War College in Newport has moved from training "swabbies" to training officers and that all Navy officers will be trained at the Newport War College, which has about 3,000 employees. Mr. Stokes also noted that over 100 Rhode Island tech companies are directly involved with the War College, and that the Navy Base is the second largest user of electricity in Rhode Island.

Mr. Stokes stated that Rhode Island must remain vigilant in keeping undersea and warfare training in the state. Governor Carcieri agreed, adding that the Navy Base

has a demand for highly qualified engineering talent, particularly expertise in undersea warfare technology, and that Rhode Island must keep a lead on this.

Upon inquiry of Mr. Wadensten, Mr. Stokes stated that the EDC, through John Riendeau, has an excellent relationship with the defense industry in Rhode Island.

4. FOR FURTHER DISCUSSION OF FY2011 MANAGEMENT OPERATIONS & REALIGNMENT PLAN

Using a PowerPoint presentation, Mr. Stokes reported on the FY2011 Management Operations and Realignment Plan (See **Exhibit C**). He noted that this plan evolved from the 2010 Immediate Priorities Plan (the "Plan") which the EDC Board adopted in April 2010. Mr. Stokes explained that the Plan calls for creating and retaining jobs and wealth, as well as increasing wages, in Rhode Island, while recognizing that Rhode Island is part of a New England marketplace.

Mr. Stokes stated that the Plan has very specific subsets, including data and analysis, a strategic plan, collaboration with partners and alleviation of unemployment. He reviewed the EDC Action Plan to implement the Plan. The Action Plan calls for creation of economic research and policy development capacity, improvement to capital access, regulatory reform and development of a communications strategy.

Mr. Stokes reviewed the senior staff realignment, noting that certain senior staff members, such as a Managing Director of Research, Strategy & Policy, a Managing Director of Communications and a Managing Director of Financial Programs, are currently vacant. He also reviewed the functions of each member of the senior management team.

Mr. Verrecchia noted that the Executive Director is a member of the Governor's Cabinet and reports to the Governor in addition to the Board. Mr. Stokes explained that, under the new legislation, the Executive Director is to have a minimum term of three years and is to be appointed by the EDC Board of Directors. Mr. Verrecchia suggested that it might be clearer to state that the Executive Director is a member of the Governor's Cabinet, to which Mr. Stolzman responded that the description of the Executive Director can be revised.

Governor Carcieri noted that the purpose of specifically including the Executive Director in the Governor's Cabinet, by statute in addition to past practice, was to create a Board with more "robustness", which has been done.

Mr. Stokes explained that the Manager of Research, Strategy and Policy is a new position and is to be filled by an economist. He added that it is important that the EDC have a way to measure the success of its programs. Mr. Nee stated that recent press has indicated that the EDC has not had a good handle on results in the past. Mr. Stokes noted that the EDC, together with the Division of Taxation, is working on how to measure the success of its programs and more will be reported in the future.

Mr. Choquette offered that it is important to determine what it will take to make Rhode Island a leader in economic development and figure out a way to put our stamp on it.

Mr. Verrecchia asked about the Board committees that are to be set up, and Mr. Stokes noted that this is important and should occur soon. Governor Carcieri stated that the committees are to be made up of Board members as well as representatives of other groups, such as RIAC and other private business leaders.

Continuing with his report, Mr. Stokes noted that the EDC does not have a senior level person heading Communications, and that this position has yet to be filled.

Mr. Stokes reported that Bill Parsons will lead the Business Services and Communications Development team. This team will develop a formal procedure to work with the state's 38 cities and towns with respect to site identification and development and will focus on community relations. Mr. Stokes commented that the EDC can be of great assistance to the municipalities in this area, since many do not have dedicated economic development programs.

Mr. Stokes also reported that Katharine Flynn will lead the Business Attraction and Development team. This team will cover many different business sectors. Mr. Stokes noted that business attraction should involve a public/private partnership. He reported that \$250,000 will be set aside for business attraction, and that it is hoped that this amount will be matched by a private partner.

Mr. Choquette, acknowledging that he is privy to chamber reports, stated that it is the opinion of the chambers that the EDC needs to have "certified economic development employees". Mr. Stokes responded that the EDC does not currently have such "certified" staff.

Mr. Stokes, continuing his report, noted that the FY2011 Senior Staff Realignment calls for adding a Director to oversee management of the EDC's financial programs.

Mr. Stokes next presented the FY2011 Organization Chart, which involves a realignment of existing staff as well as new positions to be filled. With respect to the new position of Director of Regulatory Reform, which is presently vacant, Mr. Stokes noted that three components of this team are already on hand: Sara Beth Sidla, Research Assistant, Sherri Carrera, Small Business Ombudsperson, and Mike Walker, Senior Project Manager. Mr. Stokes stated that Mike Walker, together with Mike Lewis from DOT, has been working on identifying critical sites to be developed, such as the 295 Smithfield/Lincoln corridor, the Navy land on Aquidneck Island, the 95 Corridor to Connecticut and the land made available from the IWAY reconstruction.

Upon inquiry of Mr. Choquette, Mr. Stokes reported that this plan fits in the budget.

Mr. Verrecchia expressed his concern that the EDC must have a 5-year plan, and then work toward meeting that plan. He stated that he does not want to see the Board spend a lot of time and energy for little to no result, and suggested that the Board spend a little time creating such a plan which could result in more results. Mr. Verrecchia also commented that he does not know how much money is being spent.

Mr. Stokes replied that the FY2011 Management Operations and Realignment Plan reflects what the Board wanted pursuant to its Immediate Priorities Plan, and that the funds to implement this plan are area available.

Mr. Stokes noted that the board subcommittees will reflect the wishes set forth in the Priorities Plan, and will include finance, lending/capital programs and services, marketing and communications, research, strategy and policy and business attraction. Mr. Verrecchia commented that business attraction takes time.

Mr. Stokes explained that the new Management Operations and Realignment Plan is different than what EDC has done in the past.

Governor Carcieri expounded on Mr. Verrecchia's comments, noting that it is important in business to decide what the goals of the business plan should be and then figuring out how to achieve those goals. He noted that this is where the EDC has suffered in the past, by having images of pieces of the plan but not being synthesized.

Mr. Verrecchia added that each Board member has expertise in his or her own area of business and that it would be worthwhile for the Board to come together to figure out what a good economic development corporation should do to create a strong, vibrant economy. He suggested that, for example, with respect to each specific area, the Board should determine how much money to allocate and whether or not some funds need to be taken away from one area to add to another area.

Mr. Nee suggested that it might be helpful to allocate the budget among the 6 areas in order to get a better overview of where to focus.

Mr. Sullivan noted that he does not see a plan for "education" in this plan. Mr. Stokes responded that education is built into Marketing and Communications. He stated that there also is a workforce development program.

Mr. Lane expressed his concern that he has heard from a number of businesses that they do not feel "owned" by the EDC. He stated that this is a matter of behavior rather than structure, and suggested that the Board have companies come in to report on what it is they are looking for from the EDC.

Mr. Stokes stated that he has heard a lot of positive feedback regarding the EDC's business and client development staff.

Mr. Lane stated that new business development and existing business development each need a separate strategy. Governor Carcieri commented that the best source of business is usually existing customers, and that it is difficult for one person to service both areas.

Mr. Stokes explained that senior staff will be working under each managing director, such as John Riendeau, who is very well-educated and well known in the defense industry. He added that the EDC should build and expand on what it currently has available.

Ms. Snead asked if the EDC has ever taken a full inventory of existing Rhode Island businesses and tried to match businesses to each other, and Mr. Stolzman responded that this was last done in 1997.

Governor Carcieri stated that the plan as presented to the Board this date is a movement forward and suggested that the Board retreat to discuss all the comments made at this meeting in order to synthesize all of the ideas into a plan.

Mr. Stokes suggested moving forward with further development of the plan as presented at this meeting.

Upon inquiry of Mr. Choquette, Mr. Stokes stated that he knows how to find people to fill the vacant positions.

Mr. Lane commented that a sales person is not the same as a client relationship person. Mr. Sullivan noted that there should be a sales/relationship person for each sector.

Mr. Verrecchia suggested that the Board should not approve the plan as presented, but that Mr. Stokes should proceed with what is necessary to run the day to day management of the Corporation. He suggested that Management, together with the Board, look into what needs to be done. Governor Carcieri suggested that perhaps a ½ day retreat be planned for such a discussion.

Upon inquiry of Mr. Choquette, Attorney Stolzman stated that such a planning session is usually held in public session and that the Open Meetings laws address what types of discussions can be held in executive session.

Mr. Choquette suggested that priority be given to finding an economist to assist with developing a strategy.

Mr. Nee suggested that each sector report to the Board at the monthly meetings.

Prior to adjournment, Mr. Stokes reminded the Board that the September Board meeting will be held at Hasbro Children's Hospital and that Dr. Babineau is organizing a tour which will take place prior to the meeting.

There being no further business in Public Session, the meeting was adjourned at 5:35 p.m., upon motion made by Mr. Nee and seconded by Mr. Lane.

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Robert I. Stolzman, Secretary