

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

EXECUTIVE SESSION

JUNE 14, 2010

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, June 14, 2010, in Executive Session, at 5:40 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, Ms. Cheryl Snead, Mr. Dan Sullivan, Dr. Timothy Babineau, Ms. Donna Cupelo and Mr. Stephen Lane.

Directors absent: Mr. Lynn Singleton, Mr. Paul Choquette, Dr. David Dooley and Mr. George Nee.

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.

Prior to adjournment to Executive Session, upon motion by Mr. Verrecchia and seconded by Dr. Babineau, it was voted that the Board adjourn to Executive Session to consider and possibly take appropriate action on such matters as permitted by subsections (6) (location of prospective business or industry in Rhode Island) and (7) (investment of public funds where premature disclosure would be adverse to the public interest) of the Rhode Island General Laws, Section 42-46-5 (a), the Open Meetings Act.

1. CONSIDERATION OF NEW BUSINESS AND/OR INDUSTRY TO BE LOCATED IN RHODE ISLAND

The Board members discussed the presentations that had been made in Public Session regarding 38 Studios, LLC (the "Company") and its proposal to locate in Rhode Island and the possibility of the EDC granting a \$75 million loan guaranty to the Company under the Jobs Creation Guaranty Program.

Under the proposal, the State of Rhode Island would issue \$75 million in revenue bonds, which would then be purchased by Wells Fargo for private placement. The funds would then be loaned to the Company under a finance agreement whereby the Company would repay the principal, interest and redemption premium, if any, to the State. The Company would use the proceeds to establish a video gaming studio in Rhode Island.

Mr. Stolzman explained that the legislature recently approved the Jobs Creation Guaranty Program and authorized the EDC to guaranty up to \$125 million through the issuance of revenue bonds for jobs creation purposes. Governor Carcieri confirmed that the funds are now available and the EDC needs to find a business to build on. He described the Company as having an outstanding team. Mr. Stolzman stated that the Company has asked for no less than \$75 million in order to relocate in Rhode Island.

Mr. Stokes explained that the EDC was already considering creating this type of fund before the Company approached them, and that the legislation was not passed just to satisfy this Company. Mr. Stolzman added that the fund is for any knowledge-based industry.

Some board members expressed their concern that the public may not understand the true nature of this financing and may consider it a special deal. Mr. Stokes noted that the EDC has assisted many companies/industries. Mr. Saul added that staff has been working with this in mind since this project's inception.

Mr. Sullivan suggested that the EDC consider a policy that states that no one company can get more than a certain percentage of the fund at any given time. Ms. Snead commented that, while this project will help to bring a new industry into Rhode Island, the EDC must also take a look at how to assist existing companies.

Governor Carcieri stated that a large company is needed in order to spawn clusters.

Dr. Babineau stated that he likes the fact that the EDC is talking about a large amount of money, adding that Rhode Island always does a lot of little things and it is time to do something big and bold.

Ms. Cupelo suggested that the company must be clear on the number of jobs it plans to add. Mr. Subramaniam noted that he is in support of this action except that he would like to remove the use of the word "cluster" in order to avoid confusion about the risks and benefits around any investment.

Governor Carcieri stated that the agreement will assure disbursements are staged to provide that certain benchmarks be met before amounts be withdrawn.

Mr. Sullivan suggested that the EDC urge universities and legislature, not only in Rhode Island, but throughout New England, to acknowledge that this is a great project

for Rhode Island. Mr. Stokes responded that the EDC is already working on this by lining up quotes and comments.

In response to a question by Ms. Cupelo, Mr. Stokes stated that the EDC has not yet marketed the program and there are no other similar deals waiting in the wings at the moment.

Mr. Verrecchia noted that the video gaming industry is a “hit-driven” business, similar to the movie business. He stated that a great team has a great chance of being successful, but it is still a high risk. He said that the EDC’s job is to create jobs, and suggested that it be made known that this project has a great potential but nothing is guaranteed. He also agreed with Mr. Subramaniam’s suggestion not to refer to “clusters”. Mr. Verrecchia stated that the EDC needs to set definite criteria for the balance of the fund. He acknowledged that this project will be perceived as “all about Curt Schilling” and there is nothing anyone can do to change that. Instead, he said, highlight that Mr. Schilling and his team have been in business for a long time. Mr. Verrecchia stated that new business startups are always high risk propositions.

Governor Carcieri asked if he could get a sense of whether or not the Board was in favor of the project, with details to be completed. The members of the Board indicated their consensus to move forward.

Mr. Saul stated that two issues remain to be resolved in negotiations with the Company: 1) timing of disbursements and closing; and 2) staggered drawdowns, such as a holdback of certain amounts until the product is published.

Mr. Stolzman explained that the resolution before the Board this date was an inducement resolution and that the matter will come before the Board again for final approval. He suggested that the proposed resolution be revised to confirm that the approval is preliminary and subject to final approval and risk mitigation provisions as the Board may approve.

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

VOTED: Pursuant to §42-46-4 and §42-46-5 of the General Laws, the minutes of the closed session shall not be made available to the public at the next regularly scheduled meeting of the Corporation, except as to the portions of such minutes as the Board of Directors ratifies and reports in Public Session of this meeting.

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

Voting against the foregoing were: None.

There being no further business to come before the Board in closed session, upon motion duly made by Mr. Wadensten and seconded by Dr. Babineau, the executive session of the meeting was adjourned at 6:20 p.m.

Robert I. Stolzman, Secretary

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