

# **RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

## **MEETING OF DIRECTORS**

### **PUBLIC SESSION**

**FEBRUARY 24, 2011**

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Thursday, February 24, 2011, 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 Lincoln D. Chafee, Mr. Stephen Lane, Mr. Karl Wadensten, Dr. David Dooley, Mr. Lynn Singleton, Mr. George Nee, Dr. Timothy Babineau, Mr. Daniel Sullivan, and Ms. Donna Cupelo.

Ms. Cheryl Snead arrived late to the meeting and participated as indicated.

Directors absent: Mr. Shivan Subramaniam.

Also present were: Executive Director Keith Stokes, Governor's Chief of Staff Patrick Rogers and Attorney David M. Gilden, as well as Board of Directors Nominees: Helena Foulkes, Jerauld Adams and Stanley Weiss.

#### **1. CALL TO ORDER AND OPENING REMARKS**

Governor Chafee called the meeting to order at 4:00 p.m. and welcomed everyone to the meeting. He introduced new Board of Directors nominees in attendance: Helena Foulkes, Jerauld Adams, and Stanley Weiss. Each nominee made a few introductory remarks about their backgrounds. Governor Chafee also acknowledged nominee Jack Templin who was not in attendance. He additionally recognized departing Directors Donna Cupelo, Al Verrechia, Paul Choquette, and Shivan Subramaniam for their excellent work.

Governor Chafee discussed his recent visit to Houston, Texas, accompanied by Executive Director Keith Stokes, Dr. David Dooley, Providence Mayor Angel Tavares, and other members of the Rhode Island delegation, which included meeting with leaders of the Texas Medical Center. He noted that Houston has 21 academic institutions, 14 hospitals, 3 medical schools, and 6 nursing schools, which employ approximately 93,000 people. Governor Chafee also noted that, despite the fact that the foregoing institutions are all non-profit entities, for every \$1.00 in real estate tax revenue

lost due to such non-profit status, Houston benefitted by \$1.44 in other tax revenue. He observed that within our own Knowledge District there is room for non-profits, due to the great value of supporting industries and companies. He noted that there are three keys to Houston's success: education, research and healthcare.

**2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON JANUARY 24, 2011**

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

**VOTED:** To approve the Public Session Minutes of the meeting of January 24, 2011.

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

Voting against the foregoing were: None.

Ms. Snead was not present for this vote.

**3. ELECTION OF SECRETARY OF THE RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

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

**VOTED:** To elect David M. Gilden, Esq. as Secretary of the Rhode Island Economic Development Corporation.

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

Voting against the foregoing were: None.

Ms. Snead was not present for this vote.

**4. PRESENTATION OF GOVERNOR'S FOCUS PROGRAM**

Governor Chafee introduced Board of Directors nominee Helena Foulkes to brief the Board on the Governor's Focus Program. Ms. Foulkes noted that she had talked to most Directors and had heard the following common themes from them:

(1) That the Board is made up of committed people who worked hard during the past year, emerged stronger and share a desire to help the State. (2) That Executive Director Stokes is the right leader for the organization based on his leadership during the past year, and his ability to work across State constituencies, including with the legislature

and the various chambers of commerce. (3) The Board has pride in its accomplishments of the past year. Ms. Foulkes also noted the need and desire to create focus for the Corporation. She highlighted the importance of a public-private partnership to attract companies to the State, as well as a mission of providing capital.

In response to inquiry from Mr. Wadensten, Mr. Stokes noted that the Corporation currently has \$50 million remaining in Job Creation Guaranty authority, with numerous current applications.

Ms. Foulkes then set forth the Governor's five areas of focus:

1. The Knowledge District
2. The Station District
3. Tourism
4. Main Street Districts
5. "Making it Easy to Do Business"

Ms. Foulkes expressed her desire to help facilitate making Board meetings as productive as possible, and invited other Board members to make suggestions as to how to ensure that time and energy is spent effectively on the Board.

## **5. EXECUTIVE DIRECTOR'S REPORT**

A copy of Executive Director Keith Stokes's report is attached as **Exhibit A**.

Mr. Stokes commented on the recent trip to Houston, which included learning about its life science medical system and The Greater Houston Partnership. He further commented on the upcoming Board of Directors retreat at which the Board will realign policies, programs and resources of the Corporation with the Governor's areas of focus. He also commented on the need to focus on small businesses.

## **6. PRESENTATION OF RHODE ISLAND STRATEGIC TOURISM PLAN**

Governor Chafee noted that tourism is the second largest industry in our State and that we need to increasingly market the State and our attractions. The Governor introduced Mark Brodeur, Director of Tourism at the Corporation.

Mr. Brodeur thanked the Board and the Corporation for their support of tourism. He stated that the Corporation engaged the Radcliff Company and Nichols Tourism Group to study the Rhode Island tourism industry. Mr. Brodeur then introduced Mr. Nichols, of the Nichols Tourism Group.

Mr. Nichols, with the aid of a Power Point presentation (See **Exhibit B**), provided a summary of the current environment of the Rhode Island tourism industry, as well as proposed plans for the growth of the industry within the State. He discussed how the competitive environment for tourism is growing more challenging. He described the

tourism industry as a “four legged stool” which is composed of: (1) Export industry cluster- new spending-tax generator; (2) Jobs generator; (3) Quality of life enhancements (for those living in the area); and (4) Economic development resource.

Mr. Nichols reviewed the figures as to direct visitor spending in the state: \$3.4 billion in director visitor spending in 2009; \$536 million in state (69%) and in local (31%) taxes and 8.9% of the state’s governmental revenue.

Mr. Nichols emphasized the need for a broad industry-wide plan within the next five years, which goes beyond marketing. He stressed the need for the State, regions and industries to create a cohesive message, which focuses on the State’s products. He noted the strong and well-funded competitor states in the region and provided figures comparing their expenditures, as well as public perceptions of the New England states in various categories.

He also noted Rhode Island’s loss of market share in tourism from 2007 through 2009, which allowed other states to capture the spending, taxes and jobs which could be brought to Rhode Island.

Mr. Nichols described that the short term priorities for the state should include: (1) tactical initiatives (such as brand enhancement, linking and integrating existing products, expanding social media, and performance measures); (2) implementing by Executive Order a Tourism Advisory Council, made up of private businesses, to connect the visitor industry and State tourism agencies; (3) launching awareness initiatives; and (4) indentifying prospective resources that position the State to compete effectively in the future.

Mr. Stokes thanked Mr. Brodeur and his team along with Mr. Nichols for the presentation, and acknowledged the various representatives of regional tourism boards who were in attendance and thanked them for their support.

Governor Chafee had to leave the Board meeting during the wrap-up of Mr. Nichols’ discussion. He appointed Mr. Singleton as Vice Chair pro tem.

## **7. CONSIDERATION OF TD BANK, N.A. PROJECT STATUS**

Ms. Katharine Flynn, the Corporation’s Director of Business Development, presented the TD Bank, N.A. (the “Bank”) application for project status. Ms. Flynn noted the Bank’s plan to open 12 branches in Rhode Island, whereby it would expend over \$31,000,000 and create at least 164 new full time jobs. She also noted the Bank’s plans to inject capital into small businesses in the area. Ms. Flynn introduced Robert A. Kolb, Market President for the Bank in Rhode Island.

Mr. Kolb thanked the Board and expressed his excitement about the Bank joining the Rhode Island market and expanding its existing footprint in New England and along the east coast corridor. He stated that the Bank intends to invest between \$2.5 and \$3

million per store, and that they are looking beyond the initial 12 branches currently planned, to approximately 20 branches in the future.

Mr. Kolb discussed the Bank's plan to establish a small business pool of funds of approximately \$12 million for jobs initiatives, in order to be part of the jobs solution by extending loans to small businesses with revenues of less than \$10 million. He stated that such initiatives are a small piece of a deeper strategy of assisting small businesses, which are the back bone of the larger businesses they serve.

Ms. Flynn noted that in seeking project status, in order to receive the statutory incentives, the Bank would need to create 100+ jobs over a three year period with wages exceeding the median annual wage by 5% (105% of the medial annual wage) in order to obtain Corporation approval and she referenced the Rhode Island Economic Development Corporation Economic Impact Analysis of TD Bank, N.A. Project pursuant to § 42-64-10(a)(2), which had been distributed to the Board. (See **Exhibit C** for more details.) She presented the Bank's request for sales tax abatement as a project of the Corporation, which is capped at the estimated qualifying personal state income tax revenue of \$420,586, over a three-year period.

Upon inquiry from Board members, Mr. Stokes commented that there have been 24 previous project status approvals, including for other financial institutions such as Bank of America, RBS Citizens, Sovereign Bank, and Fleet National Bank, as well as a number of other industries, including most recently Yardney Technical Products.

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

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

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

Voting against the foregoing were: None.

Abstaining from the vote were: Mr. Singleton and Ms. Snead.

**8. CONSIDERATION OF RENEWABLE ENERGY DEVELOPMENT FUND APPROVAL OF MILHAUS, LLC**

Mr. Julian Dash, the Corporation's Director of the Renewable Energy Fund, presented the application of Milhaus, LLC. The application represents an amendment to an award made in September 2010, at which time Milhaus was approved for a \$130,589 loan for the installation of 38kW solar PV system. Since that time, Milhaus has identified an increase in project costs and a reduction in federal tax credits. The proposed increased award is from \$130,589 to \$160,049 (comprised of approximately

\$75,000 in grant and \$85,000 in loan). Both applications were presented to the Board (See **Exhibit E** for more details).

Mr. Dash stated that the project is prepared to proceed, and that all other financing is in place. He also noted that the Renewable Energy Fund currently has a cash balance of over \$3.9 million, as well as an additional \$1 million in ARRA funds, and that there is a strong pipeline of project applications.

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

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

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

Voting against the foregoing were: None.

Dr. Babineau was not present for this vote.

There being no further business in Public Session, the meeting was adjourned at 5:32 p.m., upon motion made by Mr. Nee and seconded by Dr. Dooley.

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David M. Gilden, Secretary