

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

APRIL 25, 2011

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, April 25, 2011, in Public Session, beginning at 5:00 p.m., at the offices of the Rhode Island Airport Corporation, Mary Brennan Boardroom, Administrative Offices, 2nd Floor, T.F. Green Airport, located at 2000 Post Road, Warwick, 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: Governor Lincoln D. Chafee, Ms. Helena Foulkes, Mr. J.L. Singleton, Mr. Jerauld Adams, Dr. Timothy Babineau, Mr. Stephen Lane, Mr. George Nee, Ms. Cheryl Snead, Mr. Daniel Sullivan, Mr. Jack Templin and Mr. Stanley Weiss.

Directors absent: Dr. David Dooley and Mr. Karl Wadensten.

Also present were: Executive Director Keith Stokes, Governor's Chief of Staff Patrick Rogers and Secretary David M. Gilden.

1. CALL TO ORDER AND OPENING REMARKS

Governor Chafee called the meeting to order at 5:00 p.m. and welcomed everyone to the meeting. He commented on the Board's tour of the new Interlink facilities, which now link the airport to various modes of transportation, including the railways.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON MARCH 28, 2011 AND THE SPECIAL MEETING HELD ON APRIL 9, 2011

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

VOTED: To approve the Public Session Minutes of the meeting of March 28, 2011, as submitted to the Board of Directors.

VOTED: To approve the Public Session Minutes of the special meeting of April 9, 2011, as submitted to the Board of Directors.

Voting in favor of the foregoing were: Ms. Foulkes, Mr. Singleton, Mr. Adams, Dr. Babineau, Mr. Lane, Mr. Nee, Ms. Snead, Mr. Sullivan, Mr. Templin and Mr. Weiss.

Voting against the foregoing were: None.

3. EXECUTIVE DIRECTOR'S REPORT

A copy of Executive Director Keith Stokes's report is attached as **Exhibit A**. Mr. Stokes commented on the recent relocation groundbreaking by Yardney Technical Products, Inc. in East Greenwich, which has project status through the Corporation. He also noted his recent visit to businesses along Broad Street in Providence, with Governor Chafee and Providence Mayor Angel Tavares, as a part of the Main Streets initiative. Mr. Stokes stated that there were already leads in place with companies along Broad Street looking to expand. He also discussed the Corporation's creation of a work team with the Rhode Island Manufacturers Association (RIMA), which recently completed an assessment of the manufacturing economy with the State. RIMA and members of the Corporation's staff will team up in order to examine how to grow the manufacturing industry within the State. Mr. Stokes additionally noted the Corporation's work since the Board Retreat to align the programs of the Corporation with the Governor's vision.

Governor Chafee also added that, upon Dr. Babineau's suggestion, he would be part of a group, which will include state legislators, that will be travelling to Baltimore, Maryland to gain insight from its hospital and healthcare centered industry.

4. STATUS REPORT FROM APRIL 9, 2011 BOARD SPECIAL (RETREAT) MEETING

Ms. Foulkes thanked the members of the Board for their attendance and participation at the April 9, 2011 Board Retreat. She noted the Board's energy and focus, but stated that now the hard work begins. Ms. Foulkes reported that the various subcommittees would be meeting in the next few weeks and that in these meetings the subcommittees need to continue to define metrics of success. She asked that each of the subcommittees present their progress at the May Board meeting. Ms. Foulkes also reiterated that in June the subcommittees' work will be used by the Executive Director and the Corporation's staff to realign the organization of the Corporation and create the budget for the 2011 fiscal year. (See **Exhibit B** "EDC Board Retreat Overview—Vision into EDC Action" for more details.)

Members of the Board engaged in a brief discussion with respect to suggestions for tourism initiatives and messages, as well as elements of various city and state tourism campaigns which could be similarly implemented in Rhode Island. Mr. Sullivan emphasized the need to have the financial resources to get a consistent message out to potential Rhode Island tourists.

5. CONSIDERATION OF JOB CREATION GUARANTY PROGRAM RULES AND REGULATIONS

Mr. Gilden presented to the Board proposed Job Creation Guaranty Program Rules and Regulations (the “Rules”) (See **Exhibit C**), which had been initially introduced to the Board the previous fall. He explained that the Rules are intended to establish a process for the implementation of the program’s remaining \$50 million in guaranty authority (noting that \$75 million of the \$125 million guaranty program allocation had already been reserved for 38 Studios). Mr. Gilden noted that the Rules have also been updated to include components suggested by Governor Chafee, which include a \$10 million cap on any one project and a \$5 million reserve for 15% loan guarantees in conjunction with the Small Business Administration (SBA) Section 7(a) Program.

Mr. Gilden described the reservation of \$5 million for guarantees made in conjunction with the SBA Section 7(a) Program, which will have separate criteria including the condition precedent of the issuance of an SBA guaranty. He also noted that the Rules require that the Corporation report annually to the Board, Senate, House of Representatives, Treasurer and Secretary of State with respect to the status of the program. Mr. Gilden also stated that the Rules allow the Corporation to obtain performance reports from the applicants. He noted that the Rules were intended to provide a framework for certainty for applicants, while at the same time providing necessary flexibility.

In terms of process in promulgating the Rules, Mr. Gilden explained that the Board was being asked to authorize the Corporation to file the proposed Rules for public review and comment. He stated that, once comments had been received and a hearing was conducted, he would come back to the Board with the final set of Rules for their consideration. If approved, the Rules would then be filed with the Secretary of State and would become effective 20 days thereafter.

Members of the Board asked whether the Corporation had already received applications for the Job Creation Guaranty Program and what the status of such applications are in light of the proposed rule-making. Mr. Stokes noted that the Corporation had informed applicants that it would consider their applications at the proper time. He stated that they can reopen the application process to both previous applicants and other companies, and that the Corporation does not have to wait for the rule-making process to be complete to consider the applications. Mr. Stokes also informed the Board that the Corporation will also be entering into a standard agreement with the SBA with respect to the underwriting of Section 7(a) guaranties. Ms. Foulkes and Mr. Lane each noted the need to keep the process and applicants moving forward as well as the need to encourage applications.

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

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

Voting in favor of the foregoing were: Ms. Foulkes, Mr. Singleton, Mr. Adams, Dr. Babineau, Mr. Lane, Mr. Nee, Ms. Snead, Mr. Sullivan, Mr. Templin and Mr. Weiss.

Voting against the foregoing were: None.

6. CONSIDERATION OF RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION INDUCEMENT RESOLUTION FOR YMCA OF PAWTUCKET BOND

Mr. Antonio Afonso, bond counsel to the Corporation, presented an inducement resolution for the YMCA of Pawtucket, which requested that the Corporation serve as issuer of \$5 million in tax exempt bonds. The bond proceeds would be used to partially fund construction of a new \$12.7 million, nearly 52,000 square foot facility, at the YMCA's MacColl field site on Breakneck Hill Road in Lincoln, which would include a pool, gymnasium, fitness facilities and childcare (See **Exhibit E** for more details on the proposed project and the associated economic impact analysis). Mr. Afonso described that the Board's approval of a bond issue is a two-step process, the inducement resolution being the first/preliminary approval step, which is followed by a subsequent consideration of final approval by the Board. He explained that this is a 501(c)(3) conduit revenue bond, which the Board has previously approved for such organizations as the Rhode Island Philharmonic. Mr. Afonso additionally noted that bond owners could only seek payments for the bonds from the revenues of the YMCA, and that under no circumstances could bond owners seek payment for the bonds from the Corporation. He stated that RBS Citizens will likely be the direct purchaser of the bonds. Mr. Afonso reviewed the findings and provisions contained in the resolution.

Dr. Babineau questioned how the YMCA would fund the additional \$7 million necessary for the project. Mr. Afonso stated that the YMCA has raised such funds through a development campaign and will pay for the additional funds needed through its own equity.

Mr. Nee objected to the resolution being considered by the Board and requested that consideration of the resolution be delayed until the next Board meeting. He stated that the YMCA is asking for the State, through the Corporation, to assist it through use of its tax-exempt bonding authority, while refusing to entertain conversations with various Rhode Island building trade unions. Mr. Nee noted that there is approximately 40-50% unemployment among many of the building trades and that this \$12 million project has the potential get many people back to work. He stated that the YMCA had dismissed attempts by the trade unions to be considered for the project and that the YMCA has already obtained an out of state general contractor. Mr. Nee commented that it was not good public policy to use a state entity to move these potential benefits out of state. He stated that he would like to afford the building trade unions the

opportunity to engage in a dialogue with the YMCA regarding the project and that a delay in the Board's consideration of the resolution until the next Board meeting would allow for that to occur.

Mr. Sullivan suggested approving the resolution, while at the same time ensuring that such a meeting as proposed by Mr. Nee occurs. Mr. Sullivan discussed the possibility of facilitating a meeting through the Pawtucket Foundation, but noted that there is not a need to delay the approval of the preliminary resolution in the interim. Mr. Nee stated that he was still in favor of delaying consideration of the resolution.

Upon motion duly made by Mr. Nee and seconded by Mr. Singleton, the following was rejected:

To defer the consideration of the inducement resolution as presented by Mr. Afonso until the next Board meeting:

Voting in favor of deferring consideration of the resolution were: Mr. Nee, Mr. Singleton, and Mr. Weiss.

Voting against deferring consideration of the resolution were: Ms. Foulkes, Mr. Adams, Dr. Babineau, Mr. Lane, Ms. Snead, Mr. Sullivan, and Mr. Templin.

Mr. Stokes noted that the Board could condition its approval of the inducement resolution upon a meeting between the YMCA and the building trade unions. The Board then proceeded to vote on an amended inducement resolution, which is subject to the Board's receipt of confirmation that representatives of the YMCA have met prior to the next Board meeting on May 23, 2011 with representatives of one or more Rhode Island building trade unions to discuss the contracting of construction of the project.

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

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

Voting in favor of the foregoing were: Ms. Foulkes, Mr. Singleton, Mr. Adams, Dr. Babineau, Mr. Lane, Ms. Snead, Mr. Sullivan, Mr. Templin and Mr. Weiss.

Voting against the foregoing was: Mr. Nee

7. CONSIDERATION OF PROJECT STATUS APPLICATION BY HASBRO, INC.

Ms. Flynn presented the application for Project status for Hasbro, Inc. ("Hasbro"). She reviewed with the Board the statutory requirements for Project status, which require the creation of at least 100 jobs during the first three years of the project which pay at least 105 percent of the Rhode Island median wage. Ms. Flynn stated that Hasbro's

project would create 284 new full time jobs, of which 281 will pay over the 105 percent salary threshold. (See **Exhibit G** for more details.) Ms. Flynn introduced Mr. David Hargreaves and Mr. Wayne Charness both of Hasbro, Inc. Mr. Hargreaves described to the Board how Hasbro has grown as a company, and noted the company's expansion into different formats, including televisions shows, licensed goods, and digital games.

Mr. Hargreaves stated that Hasbro's current Pawtucket and East Providence, Rhode Island facilities are insufficient and Hasbro is therefore looking to add a third major building. He indicated that Hasbro has focused its search in Providence, but has not finalized the location.

Mr. Templin inquired as to the types of jobs and positions the project would be creating. Mr. Hargreaves responded that many of the jobs will be to create original concepts, as well as reinventing of existing product lines to keep them fresh. He further stated that the jobs would also include engineers who transform the creative ideas into models and packaging development. Sales and marketing positions will also be developed. Upon inquiry from Mr. Adams with respect to the timeframe of the proposed project, Mr. Hargreaves stated that they would hope to be in Providence as early as 2012.

Mr. Weiss expressed enthusiasm about Hasbro coming to downtown Providence and stated that his hope is that it will be mutually rewarding in light of what is progressing within the Knowledge District, including 38 Studios and Brown University. Mr. Nee stated that he considers this project to be the best example of what Project status can do for the State, in that it will create real high wage jobs which are actual new jobs and which will create vitality in downtown Providence. He noted that Project status is a smart tool and that Hasbro is a tremendous use for it. Mr. Templin emphasized that it would be ideal for Hasbro to choose a location near 38 Studios or other business clusters which are developing; he reiterated that it is not merely about new businesses forming, but about formation of business clusters. Mr. Nee observed that revenues will be seen in sales taxes from places such as restaurants and hotels, which will benefit from the increased workforce proposed by Hasbro.

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

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

Voting in favor of the foregoing were: Ms. Foulkes, Mr. Singleton, Mr. Adams, Mr. Lane, Mr. Nee, Ms. Snead, Mr. Sullivan, Mr. Templin and Mr. Weiss.

Dr. Babineau abstained from the foregoing conversation and vote pertaining to Hasbro.

**8. CONSIDERATION OF RENEWABLE ENERGY DEVELOPMENT FUND
APPROVAL OF SOLAR CANOPY, INC.**

Mr. Julian Dash, the Corporation's Director of the Renewable Energy Fund (the "Fund"), presented the application of Solar Canopy, Inc. The application requested a grant of \$120,000 to seed and purchase the first prototype of the 8-car "solar canopy" product (See **Exhibit I** for more details). Mr. Dash introduced Mr. Don Richardson of Solar Canopy, Inc. Mr. Dash explained that the grant would constitute 50% of the total development cost for the prototype, which is designed to be modular and more light weight than products currently on the market that house solar panels. He stated that the grant would be recoverable upon successful development of the project.

Mr. Dash explained, in response to a question from Mr. Weiss, that engineering due diligence and design work is a part of what is funded in the grant, as well as research into how the product can fit into the renewable energy market. Mr. Stokes noted that by statute a portion of the Renewable Energy Development Fund is required to fund research and development. Mr. Lane commented that the project is a great example of assisting in providing capital to Rhode Island businesses on a financing continuum.

Mr. Richardson commented that one of the original design intentions was to use the boat building assets of the state to design this product, which he hopes to do in Bristol and Warren. In response to a question from Mr. Templin, Mr. Dash explained that the prototype can be used without a specific location and that there are already applicants interested in the Solar Canopy prototype for their locations. In response to a question from Mr. Adams, Mr. Dash explained that the Fund would receive a pay back of the grant based on a royalty structure on future sales of the product.

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

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

Voting in favor of the foregoing were: Ms. Foulkes, Mr. Singleton, Mr. Adams, Dr. Babineau, Mr. Lane, Mr. Nee, Ms. Snead, Mr. Sullivan, Mr. Templin and Mr. Weiss.

Voting against the foregoing were: None.

There being no further business in Public Session, the meeting was adjourned at 6:00 p.m., upon motion made by Dr. Babineau and seconded by Mr. Weiss.

Voting in favor of the foregoing were: Ms. Foulkes, Mr. Singleton, Mr. Adams, Dr. Babineau, Mr. Lane, Mr. Nee, Ms. Snead, Mr. Sullivan, Mr. Templin and Mr. Weiss.

Voting against the foregoing were: None.

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David M. Gilden, Secretary