

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

JUNE 27, 2011

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, June 27, 2011, in Public Session, beginning at 5:00 p.m., at the offices of the Rhode 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: Governor Lincoln D. Chafee, Ms. Helena Foulkes, Mr. J.L. Singleton, Mr. Jerauld Adams, Mr. Stephen Lane, Mr. George Nee, Mr. Daniel Sullivan, Mr. Jack Templin, Mr. Karl Wadensten and Mr. Stanley Weiss.

Directors absent: Dr. Timothy Babineau, Dr. David Dooley and Ms. Cheryl Sned.

Also present were: Executive Director Keith Stokes, the 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 5:03 p.m. and welcomed everyone to the meeting. He commented on the overwhelming attendance at the recent Rhode Island Air Show. Governor Chafee stressed the need to have a cohesive tourism message for the State.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON MAY 23, 2011

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

VOTED: To approve the Public Session Minutes of the meeting of May 23, 2011, as submitted to the Board of Directors.

Voting in favor of the foregoing were: Ms. Foulkes, Mr. Singleton, Mr. Adams, Mr. Lane, Mr. Nee, Mr. Sullivan, Mr. Templin, Mr. Wadensten 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 announced a trade mission to Israel in order to foster stronger ties between Rhode Island and Israel in key industry sectors, including defense, tourism and education. He noted that other institutions will be invited to participate in the trade mission, which is scheduled for November 4th through 12th. Mr. Stokes reported that the Main Street visits are continuing with an upcoming visit scheduled in the City of Pawtucket, during which visit he and others will meet with the mayor and visit with various businesses in the city in order to continue to develop the Corporation's urban strategy and agenda.

Mr. Stokes also reported that the Corporation has prepared a realignment plan for staffing and reallocation to meet the FY 2012 budget. He stated that the changes represent a strategic lean management operation. Mr. Stokes noted the 38% decrease in State appropriations to the Corporation since 2008, an approximately \$2 million direct cash reduction, and further noted that since 2008 the Corporation has experienced a 30% reduction in its staff. Mr. Stokes stated that the strategic realignment plan is based on the six areas of focus and that key functions of the Corporation will be realigned accordingly. New positions will include a Managing Director of Business and Community Development, who will oversee the Revitalize and Rebrand Urban Core and Make It Easier to Do Business areas of focus, a Managing Director of Financial Programs, who will oversee the Develop a Game Plan for Access to Capital and Help Grow Key Industries (Tourism) areas of focus, and a Managing Director of Business Attraction/Cultivation, who will oversee the Create Business-Ready Infrastructure Hubs (Knowledge District) and Business Attraction/Cultivation areas of focus. He further noted that there will be a Director of Science and Technology Initiatives and a new Executive Assistant Operations Manager, who will manage the Corporation's operations internally. There will also be a new managing director of Communications, Marketing and Evaluation which will also link in with tourism initiatives and provide centralization.

Mr. Stokes noted that working within the confines of decreased appropriations is a challenge, but it is a challenge that is similar to that of many of the Corporation's small business customers who have had to make adjustments over the past few years. He stated that the proposed realignment will put the Corporation in the best position to represent its customers.

The members of the Board discussed the revenue stream of the Corporation, which includes appropriations from the General Assembly and fees from loans and other services, in addition to the dedicated projects such as the Renewable Energy Development Fund and federally funded programs, such as the Broadband Fund. Mr. Lane noted the need to create markers of success in order to justify further investment and additional resource appropriations. Mr. Templin stressed the role of the

Corporation in disseminating information and the need to invest in that in order to convey information consistently and accurately.

Mr. Nee noted that in the past there had been disconnect between the Corporation and the General Assembly, but in the past few years this has improved tremendously. He suggested that, in order to continue to foster this connection, meetings should be arranged with legislators from different geographic areas within the State at which the Corporation could demonstrate the ways in which the Corporation has assisted in creating jobs or helping businesses in legislators' respective districts. Mr. Nee emphasized the need to show the legislators the Corporation's work and that it is measurable. Ms. Foulkes commended Mr. Stokes for his realignment of the Corporation with the work and suggestions of the Board and additionally noted the value in the Performance Reports in reporting the work and achievements of the Corporation. She also suggested that the members of the Board continue to personally share with others the work being done by the Corporation.

4. TOURISM SUBCOMMITTEE OF BOARD REPORT

Mr. Sullivan, chair of the Tourism subcommittee, began by noting the contributions of Dale Venturini and Martha Sheridan to the subcommittee. He reminded the Board of the presentation by the consultant in February, which gave recommendations as to next steps and also highlighted that the external perceptions of the State are declining, while other states are moving in on the market share. He described the Tourism Advisory Committee (TAC), which has been proposed and would be created through an executive order of the Governor. Mr. Sullivan described the subcommittee's recommendation that the TAC be composed of members from a broad range of sectors, including tourism, hospitality, restaurants and business leaders to make recommendations with respect to tourism. He also noted the need to establish metrics for success, whether it be tax revenue, passengers, market share, etc. With respect to timeline, if the Governor signs the executive order, the goal is to have the TAC in place this summer with recommendations in by the end of the year. (See **Exhibit B** for more detailed information with respect to the recent highlights, next significant steps, key milestones and issues/concerns for the Make It Easier to Do Business subcommittee.)

5. SUBCOMMITTEE UPDATES ON RECOMMENDATIONS REGARDING THE CORPORATION'S AREAS OF FOCUS

Access to Capital

Mr. Singleton noted that the Access to Capital subcommittee has had three meetings, at which its members examined access to capital in the past, in its present state, and where they want it to see it in the future. He noted that the subcommittee has been informed of the State Small Business Credit Initiative ("SSBCI") and looked to it to fill gaps in the equity capital formulas. Mr. Singleton also noted the desire for the Corporation to be a one stop shop for access to capital resources, as well as technical

assistance. He presented the subcommittee's recommendations to the Board, which includes application of the approximately \$13.1 million in SSBCI funds to provide capital through public/private partnership programs as follows:

- \$9 million to Slater Fund for seed stage investment;
- \$2 million to Betaspring for new business creation; and
- \$1.7 million to the Small Business Loan Fund (SBLF) for additional capital.

Mr. Lane explained that the subcommittee's recommendation is budget neutral in that the entirety of the funding would come from the SSBCI grant and requires no funding by the State. He further noted that the \$13.1 million will be used to build upon the existing access to capital programs that have been successful in the State, while also filling in the gaps in the capital continuum by investing in areas where capital is needed. Mr. Lane stated that the application for the SSBCI has been completed and submitted and that the funding could be available as soon as the fall. (See **Exhibit C** for more detailed information with respect to the recommendations, recent highlights, next significant steps, key milestones and issues/concerns for the Access to Capital subcommittee.)

Mr. Templin abstained from participating in and excused himself from the board room during the portions of conversation with respect to Access to Capital.

Knowledge District

Ms. Foulkes noted recent highlights of the subcommittee's work, which has included the I-195 surplus land legislation being filed with the General Assembly. She reported that Katharine Flynn has completed an inventory of businesses already in the Knowledge District. She also highlighted the visit by Baltimore city officials to the subcommittee meeting, which also included a walking tour of the Knowledge District. Ms. Foulkes shared with the Board how impressed the Baltimore officials were with the institutions involved and with investment in the success of the Knowledge District. She noted that next steps for the subcommittee include: looking at market segmentation and at the segments of companies which we want to attract to the Knowledge District; examining what those companies care about and what their needs are; and determining how to market to them, such as benchmarking ourselves against places such as Cambridge.

Mr. Templin commented that the Baltimore officials had noted that they had had even less fertile ground than what Providence has in the Knowledge District, but he cautioned against trying to replicate what Baltimore has with respect to a focus only on bio-tech. He further stated that we have a unique situation and opportunity, and with that we need to figure out what makes most sense for our assets. (See **Exhibit D** for more detailed information with respect to the recent highlights, next significant steps, key milestones and issues/concerns for the Access to Capital subcommittee, as well as Knowledge District Inventory and Market Segment PowerPoint slides.)

Business Attraction/Cultivation

Mr. Lane explained that the Business Attraction/Cultivation subcommittee sought to establish a focus as to where success could be built and that the Knowledge District was the clear area for initial focus. He noted that the Knowledge District can be a pilot that can then be replicated in other parts of the State where universities are located. Mr. Lane stated that softening of the borders of the Knowledge District is important and that such lines should be inclusionary. He noted that the goals of the Business Attraction/Cultivation subcommittee and the Knowledge District subcommittee are, at this point, one and the same.

Urban Core/Main Streets

Mr. Weiss recounted his recent visit to the Town of West Warwick with Mr. Adams. He noted the need to market the strengths of West Warwick and the other urban communities, which include many available parcels of land and vast amounts of mill spaces that could be used by startups and which can provide the concentration and clustering of businesses that is desired. Mr. Weiss emphasized that space is what we have and we need to promote this. He explained that the Main Street Coordinator will interface with the 5 cities and towns, as well as the local chambers of commerce. The Coordinator will also help disseminate information such as access to capital programs. Mr. Weiss noted that the RFPs for the Main Street Coordinator and consultant have been drafted and are awaiting finalization of the budget to determine the amount of funding available. The subcommittee may also make recommendations for changes to the enterprise zone. Mr. Weiss noted the need for infrastructure improvements to the urban areas, such as sewers. He emphasized the need to show businesses that places like West Warwick would be an advantageous place to relocate or expand. Mr. Weiss concluded by noting that a visit to the Pawtucket main street area has been scheduled. (See **Exhibit E** for more detailed information with respect to the recent highlights, next significant steps, key milestones and issues/concerns for the Main Streets subcommittee.)

Make It Easier to Do Business

Mr. Wadensten presented the recommendations of the Make It Easier to Do Business subcommittee. He noted that the Office of Regulatory Reform (ORR) director position had been posted and that the subcommittee hopes to hire a strong person who knows and understands the State. Mr. Wadensten commended Sherri Carrera on her work in advancing regulatory reform goals. He expressed the subcommittee's desire to have agencies become more customer focused and to embrace their roles in bringing jobs into the State. Mr. Wadensten stressed the need to have the cities and towns buy-in to the customer focused service model, despite the fact that they have no legislative requirement to make such reforms. He noted the importance of an ad hoc committee to assist the ORR director. Mr. Wadensten stated that Bill Parsons will be working on efforts with respect to zoning to create more flexibility and that they are working with the State Fire Marshal to decrease the complexity of compliance. Mr. Wadensten explained the development of value stream maps for various types of permits that will demonstrate

how to obtain the permit and the timeline for obtaining such permit. He noted that the subcommittee and the Corporation will be working with Mr. McGreevy at the Department of Business Regulation to help develop the permitting maps.

Mr. Wadensten noted that they are going to begin to examine best practices of cities and towns, beginning with North Kingstown, to be used in conjunction with the League of Cities and Towns. With respect to setting goals, Mr. Wadensten explained the need to develop a consistent mindset of various agencies and cities and towns that all of them have a stake in helping to create jobs in the State by improving their processes. Mr. Stokes commented that the goal of the Corporation will be to provide direct technical assistance to permitting, zoning, and planning systems in cities and towns to help them to improve their efficiency. He noted that, after sending out letters to cities and towns for designation of liaisons with the ORR, the Corporation has already received many responses. (See **Exhibit F** for more detailed information with respect to the recent highlights, next significant steps, key milestones and issues/concerns for the Make It Easier to Do Business subcommittee.)

6. APPROVAL OF THE FY 2009 AND FY 2010 CORPORATION PERFORMANCE REPORTS

The FY 2009 and FY 2010 Performance Reports of the Corporation were presented to and considered by the Board. Mr. Nee questioned whether the contents of the Performance Reports could be condensed into a 1-2 page document that could be distributed to members of the General Assembly and the media. He emphasized what a great story the reports tell about the work being done by and accomplishments of the Corporation. (See **Exhibit G** for more information and copies of the FY 2009 and FY 2010 Corporation Performance Reports.)

Upon motion duly made by Ms. Foulkes and seconded by Mr. Nee, the following votes were adopted:

VOTED: That the Rhode Island Economic Development Corporation Board of Directors hereby approves the FY 2009 Performance Report.

VOTED: That the Rhode Island Economic Development Corporation Board of Directors hereby approves the FY 2010 Performance Report.

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

Voting against the foregoing were: None.

David M. Gilden, Secretary