

# **RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

## **MEETING OF DIRECTORS**

### **PUBLIC SESSION**

**OCTOBER 24, 2011**

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, October 24, 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 as indicated: Ms. Helena Foulkes, Mr. J.L. Singleton, Mr. Jerauld Adams, Dr. Timothy Babineau, Dr. David Dooley, Mr. Stephen Lane, Mr. George Nee, Ms. Cheryl Snead, Mr. Jack Templin, Mr. Karl Wadensten and Mr. Stanley Weiss.

Director absent: Mr. Daniel Sullivan.

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**

Vice-Chairperson Helena Foulkes called the meeting to order at 5:03 p.m. She noted that Governor was providing testimony to the General Assembly and that he would, therefore, be delayed.

#### **2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON SEPTEMBER 26, 2011**

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

**VOTED:** To approve the Public Session Minutes of the meeting of September 26, 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. Templin, Mr. Wadensten and Mr. Weiss.

Voting against the foregoing were: None.

**3. CONSIDERATION OF QUALIFICATION OF BOND TRUSTEES AND UNDERWRITERS FOR FUTURE BOND TRANSACTIONS**

Maureen Gurghigian, Managing Director of FirstSouthwest, financial advisor to the Corporation and the State of Rhode Island, explained that the Corporation had issued a Request for Qualification (“RFQ”) to underwriting and corporate trustee firms in order to update the Corporation’s list of qualified firms for future Corporation bond issuances. The RFQ was posted on both the State Division of Purchasing and the Corporation’s websites, as well as e-mailed to firms who had previously been on the Corporation’s lists. She reported that 21 underwriting firms responded to the RFQ, 17 to serve as senior underwriters and 4 to serve as co-managing underwriters. Ms. Gurghigian noted that Barclays Capital was delayed in submitting its response; however, it has long been a member of the Corporation’s list of approved underwriters. She stated that, this since this is not a Request for Proposal, the Board could waive the irregularity. Ms. Gurghigian stated that FirstSouthwest recommends that all of the firms be qualified as senior and/or co-managing underwriters (see **Exhibit A** for the list of the underwriters as submitted to the Board). With respect to the RFQ for trustees, Ms. Gurghigian stated that 4 corporate trust firms responded to the RFQ, 3 of which had previously been on the list, as well as People’s United Bank. She stated that FirstSouthwest recommends the qualification of all of the firms as corporate trustees (see **Exhibit B** for the list of the corporate trustees as submitted to the Board).

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

**VOTED:** That the Rhode Island Economic Development Corporation (the “Corporation”) Board of Directors hereby approves and qualifies the list of underwriting firms, as attached hereto, as the Corporation’s List of Qualified Underwriting Firms to serve as Senior and/or Co-Managing Underwriters in future Corporation transactions.

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

Voting against the foregoing were: None.

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

**VOTED:** That the Rhode Island Economic Development Corporation (the “Corporation”) Board of Directors hereby approves and qualifies the list of corporate trust firms, as attached hereto, as the Corporation’s List of Qualified Corporate Trustees to serve as corporate trustees in future Corporation transactions.

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

Voting against the foregoing were: None.

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

A copy of Executive Director's report is attached as **Exhibit C**. Mr. Stokes stated that Mr. Adams will host the next Board meeting at a mixed use facility in Central Falls. He also noted the ongoing realignment of the Corporation in order to align with the Governor's areas of focus, which has included realigning existing, and posting of new, staff positions. Mr. Stokes noted the participation of members of the Board in this process, including in the selection of the director of regulatory reform and urban finance and urban development areas. He reported that Earl Queenan, a long-time member of the Corporation staff, has been named as the Managing Director of Financial Services. Mr. Stokes also noted the recent announcement by the Governor and members of the Congressional delegation of \$13.1 million in federal treasury funds that the Corporation had applied for through the State Small Business Credit Initiative. He explained that the Corporation is in the process of entering into memoranda of understanding with the recipients of the funds, Slater, Betaspring and the Small Business Loan Fund.

Mr. Stokes stated that the Corporation has also been working with Colin Kane, Chairperson of the I-195 Redevelopment District (the "District"). He explained that the Corporation is authorized to issue up to \$42 million in bonds to effectuate the transfer of the I-195 surplus land from Rhode Island Department of Transportation to the District. Mr. Stokes stated that the Corporation has issued similar bonds for both Rhode Island Airport Corporation and Quonset Development Corporation. Mr. Stokes reported that the Corporation's staff will also provide interim administrative support to the District. Lastly, he reported that 12 teams have signed up for the America's Cup World Series event that will be hosted in Newport in 2012 and that the Corporation is working with the Governor's office to develop a committee for planning of and preparation for the event.

#### **4. APPROVAL OF JOB CREATION GUARANTY PROGRAM APPLICATION OF THE CORPORATE MARKETPLACE**

Mr. Queenan presented the Job Creation Guaranty Program ("JCGP") application of The Corporate Marketplace, Inc. ("TCMPI"), which has requested a \$4 million guaranty of a 7 year term loan from Bridge Bank (the "Bank") that would be drawn on when TCMPI reaches certain benchmarks (see **Exhibit D** for a copy of the termsheet, application and Powerpoint presentation by TCMPI). Mr. Queenan stated that interest on the loan would be at the prime rate plus 125 basis points and that the Corporation's guaranty fee would be 3%, paid as a quarter of 1% monthly, for the entire term of the loan. He noted that the Bank has also agreed to provide TCMPI a \$2 million letter of credit that will not be guaranteed by the Corporation. Mr. Queenan reported that TCMPI has had a positive history with the Corporation as a recipient of loans from

the SBLF. He further noted that TCMPI has also raised \$2 million in private equity. Ms. Snead stated that the Access to Capital Subcommittee met to review this application three times, during which time the subcommittee was also examining the criteria for analyzing JCGP applications. Mr. Stokes commended the hard work of the subcommittee, which consists of both Board members and members of the business and finance community. He noted that the subcommittee is performing underwriting functions and due diligence in conjunction with the Corporation's staff in order to ensure that the applications which ultimately come before the Board have been fully vetted.

Dr. Dooley arrived to join the meeting at 5:20 p.m.

Mr. Queenan explained that there are 14 applications currently in the pipeline and that a scoring system has been developed in order to assist in consideration of the applications, which scores applications between 20 and 60, 20 being the best score. Ms. Snead stated that the JCGP has not been fully marketed and Mr. Queenan explained that the Corporation is in the process of meeting with Rhode Island certified public accountant firms, banks and law firms, in order to begin to market the program. Mr. Queenan projected that the remaining JCGP guaranty funds would be committed by the end of 2012 and he noted that in May 2013 the first payment by 38 Studios is due, at which time guarantees in a corresponding amount can be reissued for other applicants.

Mr. Christopher Crawford, President of TCMPI, explained to the members of the Board that TCMPI's technology provides world renowned products to companies as a part of their rewards and incentive programs. He stated that, when consumers earn points on their credit cards or other rewards programs and then redeems them, TCMPI is the company that fulfills the redemption of the points for products that are then shipped directly from the manufacturer to the consumer. He noted that this allows companies to provide such incentives at no cost until the company designated benchmark is reached. Mr. Crawford explained that TCMPI is working on developing a new product to deploy, which will be focused on smaller businesses in the rewards and incentive programs market, as well as expand the international footprint of the company. He stated that their plan to is to hire, at minimum, 45 new employees over the course of the next five years to support the growth of the company. Mr. Crawford noted that TCMPI will focus its hiring on Rhode Island college graduates and veterans in the region and he indicated their desire to continue to increase their relationships with other Rhode Island companies.

Mr. Queenan noted that the new jobs will provide the employees with health and dental insurance, 401k, life insurance and paid vacation, and that the average projected annual wages of the employees will be \$63,889. Mr. Crawford explained that most of the new hires will be in the information technology and software development sector and that the projected rapid increase from 26 to approximately 70 employees in five years is due to the identified revenue opportunity through expansion of its products and services. With respect to its competition, Mr. Crawford stated that any competition is focused on large scale operations, while TCMPI's new product will have a focus on the

small to retail sized businesses. Further, while many companies run their own incentive programs, TCMPI often provides the merchandise on the back-end of such programs.

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

**VOTED:** See text of vote attached hereto as **Exhibit D.**

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

Voting against the foregoing were: None.

## **5. DRAFT ECONOMIC GROWTH PLAN**

Ms. Judy Chong, the Corporation's Managing Director of Communications, presented to the Board a Powerpoint presentation regarding the Corporation's Economic Growth Plan (a copy of the presentation is attached as **Exhibit E.** Ms. Chong explained that the goal is to convey the Board's economic growth plan to a variety of audiences and to gain broad based understanding and buy-in. She stated that, as a part of the communications strategy, draft documents will be prepared which explain the Corporation's priorities and plans that can be adjusted or supplemented based on the audience. Mr. Chong showed a first draft of the concept entitled "Rhode Island on the Rise", which contained concise summaries of each area of focus. She explained that this information would be contained in a brochure or a folder with various inserts depending on the audience. The materials would also be on the Corporation's website. Dr. Babineau questioned how these materials would compete with or compliment the branding and promotion of the Knowledge District, to which Ms. Chong stated that this is something that will have to be considered.

Ms. Foulkes noted that the Governor was delayed longer than anticipated and that he sent his regrets.

There being no further business in Public Session, the meeting was adjourned at 6:01 p.m., upon motion made by Dr. Babineau and seconded by Mr. Singleton.

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David M. Gilden, Secretary