

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

FEBRUARY 27, 2012

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, February 27, 2012, in Public Session, beginning at 5:00 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, Ms. Helena Foulkes, Mr. J.L. Singleton, Mr. Jerauld Adams, Dr. Timothy Babineau, Dr. David Dooley, Mr. Stephen Lane, Mr. George Nee, Mr. Jack Templin, Ms. Cheryl Snead, Mr. Daniel Sullivan, Mr. Karl Wadensten, and Mr. Stanley Weiss.

Also present were: Executive Director Keith Stokes and Secretary David M. Gilden.

1. CALL TO ORDER AND OPENING REMARKS

Governor Chafee called the meeting to order at 5:04 p.m. He reported that he had recently returned from a National Governors Association meeting in Washington, D.C., where he noted productive conversations with many of the New England governors regarding transportation and power transmission.

2. APPROVAL OF THE MINUTES OF THE MEETING HELD ON FEBRUARY 6, 2012

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

VOTED: To approve the Public Session Minutes of the meeting of February 6, 2012, as submitted to the Board of Directors.

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

Voting against the foregoing were: None.

3. EXECUTIVE DIRECTOR'S REPORT

A copy of the Executive Director's reported is attached hereto as **Exhibit A**. Mr. Stokes distributed a copy of his report to the Board members for their review.

4. PRESENTATION AND REVIEW OF STRATEGIC ECONOMIC GROWTH PLAN

Ms. Judy Chong, the Corporation's Managing Director of Communications, reported that Board members and senior staff have been developing a draft strategic economic growth plan based on the five areas of focus in collaboration with the Governor's office. She stated that a firm has been engaged to create a consistent image and brand identity for the plan and the Corporation's various programs and services. Ms. Chong stated that, once finalized, the marketing element will begin, including a redesign of the Corporation's website. Ms. Foulkes introduced Mr. Snead to report on the momentum gained by the Access to Capital Subcommittee. Ms. Snead, chairperson of the Access to Capital Subcommittee, reported that the subcommittee has been meeting monthly and recently held a strategic planning session to vet out the qualifying process and the goals of the Job Creation Guaranty Program ("JCGP"). Using a PowerPoint presentation (see **Exhibit B**), Ms. Snead displayed the capital continuum and stated that initially the subcommittee had thought that the program would serve companies at the mezzanine and subordinated debt levels along the capital continuum. However, she reported that the subcommittee has determined that the JCGP can serve businesses across the capital continuum, with the exception of businesses in the accelerator phase.

Ms. Snead reported that the State Small Business Credit Initiative ("SSBCI") program will serve, in part, the accelerator capital needs within the State. Ms. Snead explained that the State received \$13.1 million in SSBCI funds. The funds, which are received in tranches, are being allocated to Betaspring, the Slater Technology Fund ("Slater") and the Small Business Loan Fund ("SBLF"), which have each entered into a memorandum of understanding with the Corporation regarding the use of the funds. She explained that Betaspring and Slater each serve the accelerator area on the capital continuum and the SBLF is typically at the subordinated debt level. Ms. Snead reported that the State is progressing towards having capital options along the continuum, which the State has not had in the past. She reported that the subcommittee also intends to continue to focus on ensuring that capital is available in urban areas and to support minority businesses.

Mr. Earl Queenan, Managing Director of Financial Programs for the Corporation, reported that there are numerous JCGP applications that are currently under review. He further reported that, with respect to the SSBCI funds, Slater has already disbursed a significant portion of its first tranche, and Betaspring and the SLBLF are expected to do so shortly, as well. Mr. Queenan explained the requirement of leveraging the \$13.1 million SSBCI funds 10:1 over a five-year period and he reported that the Corporation has been working on the MIDC and TURF programs to increase lending in the \$10,000 to \$50,000 range. Mr. Queenan thanked Ms. Snead and the other members of the

Access to Capital Subcommittee for their hard work. With respect to the JCGP, Ms. Snead noted that while there are applications in the pipeline, the subcommittee determined that it needed to establish qualifications for evaluating the applications prior to considering such applications. She stated that the subcommittee would present more particulars regarding the qualifications to the Board in the near future and that the intent is for the Corporation to advertise the program more extensively at that point.

Mr. Adams noted the need for small loans to assist small businesses in the short term and Ms. Snead stated that the MIDC and TURF programs are intended to potentially provide such microloans. Governor Chafee introduced Mr. Rich Horan, from Slater, who stated that the technology economy is a huge asset to the knowledge-based economy that is envisioned for the State. He further noted that the 10:1 match for the SSBCI funds allocated to Slater will likely come from private sources of funding. Ms. Foulkes thanked Ms. Snead for her leadership and clarity with respect to the access to capital subcommittee and Mr. Stokes agreed stating that the subcommittee's work will be incorporated into the Corporation's Strategic Economic Growth Plan going forward.

5. PRESENTATION AND CONSIDERATION OF THE TIGER II GRANT PROJECT

Mr. Queenan reported on a project involving the ProvPort Inc. ("ProvPort") and the Transportation Investment Generating Economic Recovery Grant II ("TIGER II") from the United States Department of Transportation, Maritime Administration. The City of Providence has requested that the Corporation act as a conduit recipient of a \$10 million TIGER II federal grant. The grant, along with a matching private loan from Bank of America, N.A., is intended to fund the purchase of two mobile harbor cranes and two barges that would be used by ProvPort at the Port of Providence. Mr. Queenan explained that the cranes and barges could be in Providence as early as within the next 8-12 months. He stated that the resolutions before the Board would authorize Mr. Stokes, as Executive Director of the Corporation, to enter into certain agreements to facilitate the receipt of the TIGER II grant funds. Governor Chafee introduced Mr. James Bennett, Economic Development Director for the City of Providence. Mr. Bennett stated that, in addition to the creation of a knowledge-based/high-tech economy, this is an opportunity to create jobs for laborers within the State. He explained that the Port of Providence is an underutilized asset, due in part to its lack of infrastructure. Mr. Bennett stated that the cranes and barges would allow the State to expand its importing capabilities and facilitate connections between markets. He noted that this is an exciting opportunity to create jobs and he further noted the positive working relationship among the unions representing the various sectors of port-workers.

The Governor called on Mr. Richard Licht, Director of the Department of Administration, who stated that the Port of Providence is an important asset to the City and the State. He further noted that with improvements to the Panama Canal, shipping will change significantly and the State needs to be prepared in both Providence and Quonset. Mr. Licht explained that a governmental entity must receive the grant, which is why the Corporation is being asked to serve as the conduit, and ProvPort is required to supply the additional private funds. He stated that ProvPort currently has a loan

commitment for \$8.9 million from Bank of America, N.A., which must close as a condition to the Corporation receiving the TIGER II grant funds. Mr. Licht explained that liability for the grant would be borne by ProvPort, and not the Corporation, in the event that the cranes and barges exceed the estimated cost of \$19.4 million cost. Mr. Gilden added that the Corporation is currently in the process of reviewing the documentation of the TIGER II grant and that the authorization sought would authorize Mr. Stokes to approve all transaction documents. Mr. Nee noted that a legislative commission has been meeting to determine how to increase activities in short sea shipping and the maritime highway. He stated that with the State's history in this area, and its unique location and attributes, the Port of Providence is a real opportunity for growth for the State and could positively impact other ports in the State as well. Ms. Snead noted that the State is among the fastest growing exporter States and that this opportunity will further such growth. Members of the Board discussed the Port of Providence's ideal proximity to various modes of transportation, including highway, rail and air. Mr. Stokes stated that the Corporation frequently serves as a conduit for federal funding and that it will not limit the Corporation's capacity in other areas.

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

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

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

Voting against the foregoing were: None.

5. APPROVAL OF THE EXERCISE OF THE CORPORATION'S OPTION TO EXTEND ITS LEASE AT 315 IRON HORSE WAY

Mr. Gilden stated that the resolutions before the Board would authorize the Corporation to extend its lease at 315 Iron Horse Way for an additional 5 years, from February 1, 2012 to January 31, 2017. He reported that the Corporation negotiated the rent to reset to a market rate beginning next year, as well as a one-time right to terminate the lease at the end of January, 2014 with a one-year penalty for doing so. Mr. Templin stated that there are arguments for extending the lease, such as to minimize disruption and cost to the Corporation to relocate; however, he commented on the continued utility of the Corporation in its current location where certain redevelopment had occurred, but not entirely come to fruition, at a time when the Knowledge District is the subject of the Corporation's economic development efforts. Mr. Weiss stated that he agreed, but noted that the two-year termination option provides a relocation option if the Corporation desires a more visible location. It was noted that a satellite office in the Knowledge District could be an option in the interim. Ms. Foulkes added that the person heading the private-public partnership should be located in the Knowledge District and could use satellite office space, as well. Mr. Nee noted that the

Corporation's current location sends a message that the Corporation is focused on job creation and improving the standard of living, which is bolstered by the fact that it is located within a neighborhood and the communities it is serving. Mr. Sullivan stated that the cost savings of staying in the same location is a significant consideration and that engaging the right people and Corporation staff is more important than where the Corporation is physically located.

Upon motion duly made by Mr. Nee and seconded by Dr. Babineau, 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, Dr. Dooley, Mr. Lane, Mr. Nee, Mr. Templin, Ms. Snead, Mr. Sullivan, Mr. Wadensten and Mr. Weiss.

Voting against the foregoing were: None.

There being no further business in Public Session, the meeting was adjourned at 5:54 p.m., upon motion made by Dr. Babineau and seconded by Mr. Wadensten.

David M. Gilden, Secretary