

# **RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

## **MEETING OF DIRECTORS**

### **PUBLIC SESSION**

**APRIL 22, 2013**

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, April 22, 2013, 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 **Exhibit A**, as required by the By-Laws of the Corporation and applicable to Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Lincoln D. Chafee, Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Ms. Shannon E. Brawley, Dr. Nancy Carriuolo, and Mr. Jason Kelly.

Directors absent were: Mr. Karl Wadensten

Also present were: John J. Pagliarini, Thomas Carlotto, René Pickett, and Christel Donnelly.

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

Governor Chafee called the meeting to order at 5:03 p.m. indicating that a quorum was present. Governor Chafee stated that the unemployment rate has declined to 9.1% and that there have been nine consecutive months of decline. This is the lowest unemployment rate since 2008 and largest year over year decline since 1985.

#### **2. INTRODUCTION OF NEW MEMBERS OF THE BOARD OF DIRECTORS**

Governor Chafee introduced and welcomed the new members of the board. Jason Kelly is the Executive Vice President of Moran Shipping Agencies. Mr. Kelly stated there were no dissenting votes during the confirmation process. Roland Fiore runs a business in South County. Mr. Fiore was previously appointed but not acted upon by the Senate. Mr. Fiore states that there were no dissenting votes during his confirmation process. Nancy Carriuolo is the President of Rhode Island College. Dr. Carriuolo stated there no dissenting votes during her confirmation process and that it was a very interesting process. Shannon Brawley is the Executive Director of the Rhode Island Nursery and Landscape Association. Ms. Brawley commented that it's an honor to be representing the agricultural and landscape community. George Nee was re-appointed to the board after previously serving for two years.

**3. APPROVAL OF THE MINUTES OF THE MEETING HELD ON MARCH 4, 2013**

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

**VOTED:** To approve the Public and Executive Session Minutes of the meeting of March 4, 2013, as submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Ms. Shannon E. Brawley, Dr. Nancy Carriuolo, and Mr. Jason Kelly.

Voting against the foregoing were: None.

**4. EXECUTIVE DIRECTOR'S REPORT**

Governor Chafee introduced Chief of Staff John Pagliarini to discuss the Executive Director's Report. See **Exhibit B**. Governor Chafee stated Marcel Valois has been nominated as to serve as Executive Director of the RIEDC and Mr. Pagliarini will be filling in until Mr. Valois is confirmed as the new Executive Director.

Mr. Pagliarini stated that on April 16<sup>th</sup> Tunstall Americas celebrated the grand opening of their new facility in Pawtucket. The company relocated its medical call center to Rhode Island and is expected to create 250 jobs in the state. Mr. Pagliarini noted that the Small Business Loan Fund Corporation was able to lower average interest rate from 7.5% to an average rate of 5.75%.

He continued that the RIEDC's International Trade Team and Tourism Division is currently on a trade mission to Hong Kong and China. They left on April 19<sup>th</sup> and will be returning on May 1<sup>st</sup>. The mission is being held in collaboration with the John H. Chafee Center for International Business at Bryant University and the U.S. – China Institute at Bryant University. The mission is focused on fostering stronger ties between Rhode Island and China and Hong Kong to spur local growth, increase Rhode Island exports, and attract more direct international investment to our state. He also stated that there is interest to recruit more Chinese students to come to our higher education institutions. Mr. Pagliarini introduced Mark Brodeur who is the director of tourism. Mr. Brodeur showed a bag the team took with them on the mission to China, which included items such as Mr. Potato head from Hasbro, brochures in Chinese see **Exhibit C**, Rhode Island's Official 2013 Tourism Guide see **Exhibit D**, and a book on the Newport mansions.

Mr. Pagliarini continued that Governor Chafee and the RIEDC partnered with municipal leaders, the U.S. SBA, DLT, Office of Regulatory Reform, local Chambers of Commerce and others to host Community Outreach Programs in Cumberland on March 5<sup>th</sup> and in Coventry on April 3. He noted additional forums are being planned on May 8<sup>th</sup> and in Warwick on May 30<sup>th</sup>. Mr. Pagliarini stated that at the forums they hear from

local small businesses and discuss ways to help them succeed, grow the economy and create jobs for Rhode Islanders.

**5. TO RECEIVE AND DISCUSS A STATUS UPDATE WITH RESPECT TO THE I-195 COMMISSION**

Governor Chafee introduced Colin Kane for a status update from the I-195 Commission. Mr. Kane welcomed the new board members. Mr. Kane stated it has been a very productive two weeks. For the past 18 months the Commission has been working towards several activities, which were successfully completed this week. Mr. Kane stated the Commission voted to take title and place bonds with Sovereign Bank, that the EDC and Commission signed the loan documents, and will record the real estate transfer of the former interstate I-195 properties on Wednesday morning. Mr. Kane noted that Jan Brody accepted the position of Executive Director of the Commission. Ms. Brody has an MBA from Wharton, is a University of Pennsylvania trained architect, and has successfully managed projects throughout the country. Ms. Brody will start as Executive Director on May 20<sup>th</sup>.

Mr. Kane continued that road construction was started recently on the west side of the highway on Clifford Street and Friendship Street. The construction will include utility updates for those streets. Construction on the east side is scheduled to start pending contract negotiations. Mr. Kane stated a consensus relative to the Commission's permitting approach was reached by the Department of Environmental Management, Coastal Resources, Narragansett Bay Commission, and the City of Providence Engineering Department to apply a master permit across all 40 acres. The permitting process was truncated from an 18 to 24 month process to a 45 day turn around. Mr. Weiss asked if the master permitting process and the requirements already approved would apply to future projects. Mr. Kane responded that that it would.

Mr. Nee asked about the magnitude of unstructured expenses over the next 2 ½ years. Mr. Kane responded that it is a \$40 million DOT expenditure. \$35 million is road work and the balance is park and bridge construction, along with investment from Narragansett Bay, Providence Water Authority and National Grid for utility upgrades.

**6. TO RECEIVE AND DISCUSS A STATUS UPDATE WITH RESPECT TO THE QUONSET DEVELOPMENT CORPORATION**

Governor Chafee introduced Steve King for a status update from the Quonset Development Corporation. See **Exhibit E**. Mr. King stated the Quonset Business Park is 3,207 acres with more than 175 companies employing 9,100. Of the 3,207 total acres, 1,395 acres are developable. The Corporation has developed a site readiness program and designed improvements for each of the 45 sites. Mr. King continued that the QDC worked closely with the Town of North Kingstown to create a Quonset Zoning District to develop a single set of rules and regulations. Mr. King discussed several recent openings at the business park, including Wide World of Sports and Marriott TownePlace Suites. He also noted there are several properties currently under construction, including the Electric Boats Coating Building and the Gateway Office Building. Mr. King

continued that the Davisville dredging project started in October was completed in January at no cost to the taxpayer. Mr. Nee asked if the dredging needs had been satisfied. Mr. King responded that there is a huge improvement but over time more will need to be done. Mr. Weiss asked if the small office would provide secretarial service. Mr. King responded that it would provide concierge and secretarial type services.

Mr. King continued that it is has been a record breaking year for the arrival of autos at the Port of Davisville. On December 19<sup>th</sup> 4,100 cars arrived at the port, which was the most cars ever in a single day. The longest train in history arrived on December 10<sup>th</sup> and was 85 cars long. In 2012 more than 172,000 autos were imported. Governor Chafee noted that there are many jobs created by the car business at Quonset. Mr. King responded that there are many small components added to the cars to prepare them for distribution from Quonset. This is done by several hundred employees. Mr. King continued that the dredging project removed 250,000 cubic yards of material making the port safer for 30' draft vessels.

Mr. King noted the TIGER Grant Projects that have been completed. Improvements were made to the rail and road networks, as well as the terminals and ports. Mr. King ended by noting the QDC board is made up of eleven members. The Governor appoints six members, the EDC Executive Director and Chairs appoint two members, the Town of North Kingstown appoints two members, and the Town of Jamestown appoints one member.

**7. TO CONSIDER FOR APPROVAL THE ISSUANCE OF RHODE ISLAND AIRPORT CORPORATION BONDS IN CONNECTION WITH THE DE-ICER MANAGEMENT SYSTEM AT T.F. GREEN AIRPORT**

Tom Carlotto stated he had presented the resolution to the board and introduced Kelly Fredericks from the Rhode Island Airport Corporation to speak about the De-icer Management System. Governor Chafee commented that Governor Sundlun started the RIAC during his term in the early 90s. Mr. Fredericks stated he will give an update regarding what is happening at the next meeting. Mr. Fredericks introduced Dr. Kathleen Hittner and Brian Schattle to give an overview of the project. Mr. Schattle explained that De-icer is the process airlines use to make sure that frost is off the planes during cold weather. RIAC have been working with the Rhode Island DEM on a new permit and to create a permitting process going forward. Part of the permit will include the development of a De-icing management facility to deice around the terminal and at the off ramp and De-icing fluid will be collected and treated at a centralized facility. Mr. Schattle continued that the project is estimated to cost approximately \$28 million. RIAC has worked closely with the DEM and Rhode Island Clean Water Finance Agency. The project falls under a DEM priority project and the nature of the project allows RIAC to utilize those funds. The bonds and financing are solely backed by general airport revenue. The revenues from the airport will pay for the debt servicing of the facility with bonds and save about 1/3 off the interest rate.

Mr Nee asked how soon the project will start. Mr. Schattle responded bidding will close on June 4<sup>th</sup> and construction will start shortly thereafter. Mr. Adams asked is

there an existing De-icing program that is being replaced. Mr. Schattle responded that there is an operational program in place utilizing vacuum trucks and this project will consolidate everything into one treatment facility. The Governor commented that there are wetlands and ponds to the east of the airport and there were accusations in the past that a lot of the deicing fluid would wash into the pond.

Mr. Schattle again noted that the total estimate for construction is \$28 million. Mr. Nee noted the resolution is for \$33.5 million and asked where the other 5.5 million would go. Mr. Schattle responded that this is an authorization to borrow up to 33.5 million from Rhode Island Clean Water.

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

**VOTED:** To approve the issuance of Rhode Island Airport Corporation bonds in connection with the Deicer Management System at T. F. Green Airport, pursuant to the Resolution submitted to the board of directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Ms. Shannon E. Brawley, Dr. Nancy Carriuolo, and Mr. Jason Kelly.

Voting against the foregoing were: None.

Governor Chafee asked if Dr. Hittner would like to add anything about the airport. Dr. Hittner added that this is a pivotal time at the airport. There is a lot going on with the construction of the De-icer Management System as well as the extension of a runway. Dr. Hittner continued that they need to increase air service by making planes fuller and getting bigger planes here. More flights to more destinations and bring in more airlines. She stated development of the intermodal and the area around the intermodal is very important. The new runway extension will allow airplanes to increase passengers and increase cargo. Mr. Adams asked if there was a desire or benefit to becoming an international airport. Dr. Hittner responded that they have the ability to fly international now but the question is whether the carriers want to and if there is enough business. Dr. Hittner noted San Juan and Puerto Rico are likely international destinations.

**8. TO CONSIDER FOR APPROVAL AN UNDERWRITER IN CONNECTION WITH THE ISSUANCE OF RHODE ISLAND AIRPORT CORPORATION BONDS**

Governor Chafee introduced Sean Esten to present regarding the selection of a bond underwriter for the proposed Airport Refunding Bonds. See **Exhibit F**. Mr. Esten stated that the Rhode Island Airport Corporation is looking to refinance their existing 1998B series and 2003A series Rhode Island Economic Development Corporation Revenue Bonds to lower their cost of borrowing. All bonds that are issued to be sold in public markets are required to be underwritten by a certified, licensed underwriter. The

EDC already has a list of approved underwriters. Mr. Esten stated they went through the list and put out a Request for Qualifications Process for the underwriting of the bonds. The EDC received 14 responses. A selection committee reviewed the top responses in terms of their qualifications with airports. The committee has recommended Citigroup be selected as the underwriter of the bonds because it is the best in terms of pricing and experience with airport funding.

Mr. Adams asked about savings in terms of interest rates and amortization period. Mr. Esten responded that during the underwriting process they would determine what the optimal term would be. Mr. Adams asked how many bonds they are looking to consolidate. Mr. Esten responded that they are looking at 1998 series and 2003 series. Mr. Schattle stated that the present value savings on the 1998 series bonds is about 11% without changing the amortization terms.

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

**VOTED:** To approve the appointment of Citigroup Global Market Incorporated as underwriter in connection with the issuance of Rhode Island Airport Corporation bonds.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Ms. Shannon E. Brawley, Dr. Nancy Carriuolo, and Mr. Jason Kelly.

Voting against the foregoing were: None.

**9. TO CONSIDER FOR APPROVAL RENEWABLE ENERGY FUND SMALL-SCALE SOLAR PROJECT GRANT AWARDS FOR: (a) NEWPORT SOLAR; (b) REAL GOODS SOLAR; (c) CHURCH COMMUNITY HOUSING; (d) US SOLAR WORKS; AND (e) ENTECH ENGINEERING; AND TO CONSIDER FOR APPROVAL RENEWABLE ENERGY FUND COMMERCIAL SCALE DIRECT PROJECT FUNDING GRANT AWARDS FOR: (A) CLEM'S ELECTRIC; AND (B) NATIONAL SECURITY**

The Governor introduced Hannah Morini for a presentation on the Renewable Energy Fund. See **Exhibit G**. Ms. Morini stated the Renewable Energy Fund is a rate payer funded program created by legislation in 1996 and has been in the managing control of the EDC since 2008. The fund receives money from rate payers, National Grid, and the Pascoag Utility District to the tune of about \$2 million per year. The fund also receives money from alternative compliance payments from large energy users, including National Grid, if they do not buy renewable energy credits from eligible sources as required of them through the renewable energy standard. Ms. Morini continued that this year the EDC received close to \$6 million in alternative compliance payments. Ms. Morini stated the purpose of the fund is to increase the role of

renewable energy in the forms of both business development and supply of electricity on the grid. Ms. Morini continued that there are four programs the EDC is putting money into – a small scale solar program that funds residential projects less than 10kW, a commercial scale category from 10kW to 50kW, an early stage commercialization program to help emerging technologies in renewable energy, and a feasibility program to make sure projects make economic and physical sense before going through development.

Ms. Morini noted that the EDC promulgated new rules and regulations board in December 2012, which updated and strengthened the process by which projects are awarded. This year there are three specific deadlines for each of the programs and the renewable energy fund staff reviews the applications to ensure they are complete and meet all of the requirements. Ms. Morini continued that there is a new advisory board made up of two members from the Office of Energy Resources and three members from the EDC board. The board discusses every project to ensure everyone is in consensus that the project meets the requirements of the program and discusses whether anything needs to be strengthened before the application is presented to the board.

Ms. Morini stated the small scale solar program and commercial development program both have projects up for approval. The small scale solar program has \$1.5 million in the fund and six applications were received for a total of \$172,000. This fund is for either a grant of 25% of the turnkey contract between the homeowner and their selected solar installer or a 50% low interest loan. The six applicants are Newport Solar, Real Goods Solar, Church Community Housing, US Solar Works, Entech Engineering. Dr. Carriuolo asked if there was requirement to ensure all of the homeowners are Rhode Island residents. Ms. Morini responded that yes there is a requirement and the applicants submit documentation such as an electric bill.

Ms. Morini continued that the commercial development program has two applications. The applicants for this program are National Security Corporation and Clem's Electric. Ms. Morini noted that all of the applicants are eligible for a 30% Federal tax credit. Ms. Morini also noted that one of the requirements of the program is that the homeowners must receive an energy audit first so that all of the applicants are aware of how much energy they are using.

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

**VOTED:** To approve the following awards:

- Newport Solar in the amount of \$13,196.75
- Real Goods Solar in the amount of \$26,388.25
- Church Community Housing in the amount of \$34,596.00
- Solar Works in the amount of \$22,643.50

- Entech Engineering in the amount of \$31,868.75
- National Security in the amount of \$28,250.00
- Clem's Electric in the amount of \$27,390.40

and to authorize the Chief of Staff or Director of Financial Programs to negotiate and execute all necessary documents.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. George Nee, Mr. Roland Fiore, Ms. Shannon E. Brawley, Dr. Nancy Carriuolo, and Mr. Jason Kelly.

Voting against the foregoing were: None.

Governor Chafee commented that Senator Reed had an energy round table and it was shared that in 2012 Rhode Island ranked 7<sup>th</sup> in the nation for energy efficiency investments based on the rankings of the American Council for Energy-Efficient Economy. Rhode Island has been in the top ten for the fifth consecutive year due to our strong state energy efficient programs and incentives.

There being no further business in Public Session, the meeting was adjourned at 6:38 p.m., upon motion made by Mr. Weiss and seconded by Mr. Adams.

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Thomas Carlotto, Secretary