

**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

**MEETING OF DIRECTORS**

**PUBLIC SESSION**

**JUNE 24, 2013**

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, June 24, 2013, in Public Session, beginning at 4:00 p.m., at the offices of the Quonset Development Corporation, located at 95 Cripe Street, North Kingstown, 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. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Directors absent were: Mr. Karl Wadensten, Ms. Shannon Brawley, Mr. Tim Hebert, Ms. Elizabeth Francis, and Mr. George Nee.

Also present were: Marcel Valois, Thomas Carlotto, and Christel Donnelly.

**1. TOUR OF QUONSET DEVELOPMENT CORPORATION**

At 4:12 p.m. the board undertook a bus tour of the Quonset Development Corporation Business Park. The tour ended at 5:15 p.m.

**2. CALL TO ORDER AND OPENING REMARKS**

Governor Chafee called the meeting to order at 5:20 p.m. indicating that a quorum was present. Governor Chafee welcomed Maeve Donohue to the board.

**3. APPROVAL OF THE PUBLIC SESSION MINUTES OF THE MEETING HELD ON MAY 20, 2013**

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

**VOTED:** To approve the Public Session Minutes of the meeting of May 20, 2013, as submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

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

**VOTED:** That, pursuant to Rhode Island General Law Section 42-46-5(a)(2) or (4) to enter into executive session to consider the approval of the executive session minutes for the meeting held on May 20, 2013.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

Members of the board, counsel and staff entered into closed session at 5:24 P.M.

The public session reconvened at 5:25.

Mr. Carlotto stated that during the Executive Session there was a unanimous vote of the Board taken to approve the executive session minutes for the meeting held on May 20, 2013.

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

**VOTED:** That, the minutes of the executive session shall not be made available to the public, except as to the portions of such minutes as the Board of Directors ratifies and reports in public session of this meeting.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

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

Governor Chafee introduced Executive Director Marcel Valois to discuss the Executive Director's Report. See **Exhibit B**. Mr. Valois stated that he has been meeting with companies from around the state in an effort to understand what their top challenges are, and to develop a closer relationship between businesses and the RIEDC. He asked that board members share the message that the EDC is working to help existing companies find new markets and customers, and grow through loan programs and grants. Mr. Valois continued that he has spent time meeting the members of the board and he looks forward to working with everyone. He commented that the RIEDC FY 2014 state appropriation in the proposed budget, including legislative grants, totals \$4.692 million. The Governor's budget request to add

\$600,000.00 for tourism advertising and marketing was unfortunately pulled out of the budget. There was also a \$750,000.00 pass through appropriation through EDC for the Rhode Island Science and Technology Advisory Council (STAC) that will be for matching funds, both loans and grants. Mr. Valois stated that the General Assembly has been focused on a restructuring bill that would make changes to the structure of the RIEDC board, including vacating the Governor's position as the chairman of the board, and create a Department of Commerce that would oversee six or seven state entities. The discussions are still ongoing and there has not been a final resolution reached.

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

Governor Chafee introduced Steve King to provide a status report related to the Quonset Development Corporation. Governor Chafee asked how many bond issues have been approved over the years. Mr. King responded that three bonds were approved by the voters in Rhode Island, one for \$11 million, one for \$72 million, and one for \$48 million. The last one was a revenue bond which paid for the dredging project.

**6. TO RECEIVE AND DISCUSS A STATUS UPDATE WITH RESPECT TO THE RHODE ISLAND AIRPORT CORPORATION**

Governor Chafee introduced Kelly Fredericks to provide a status report related to the Rhode Island Airport Corporation. Mr. Fredericks stated that there has been a 7.29% increase in passengers over last year. This is the third month in a row that there has been an increase. The airport is on track to have 3.9 million passengers this year and RIAC is working on a plan to increase the number of passengers to 5 million per year. Mr. Fredericks noted that the 7.29% increase in passengers was based on there being 3.5% more seats in the market. In June there will be a 4% increase in the number of seats, in July a 4.5% increase, and in August an 8% increase. Mr. Fredericks continued that going forward RIAC will be a people first, strategy second Corporation. The number one priority will continue to be air service development and the top goal is to get nonstop service to Texas. Mr. Fredericks reported that they will be breaking ground on the safety improvements on Runway 16 at the Airport Road and will be commencing demolition of hangar 1 in July. Mr. Kelly asked what needs to happen to get the nonstop service to Texas in place. Mr. Fredericks responded that RIAC will present the business case, along with the support of the business community, to American Airlines. Mr. Adams commented that Quonset has the longest runway in the State and asked if there is a potential for growth at Quonset. Mr. Fredericks responded that there is a lot of opportunity at Quonset. Ms. Diaz asked what other states are doing in terms of changing the ownership structure of their airports. Mr. Fredericks responded that there are several changes that could be made, including closing airports, privatization, and transferring ownership to municipalities.

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

Governor Chafee introduced Colin Kane to provide a status report related to the I-195 Commission. Mr. Kane stated that road construction continues on the west side of Providence from the East Franklin Street service road toward the Providence River. The DOT has awarded the contract for the east side construction, which includes the realignment of South Water Street and South Main Street and the installation of utility upgrades.

Mr. Kane introduced the Commission's new Executive Director Jan Brody. Ms. Brody thanked the EDC. She stated she has set two priorities for her six month term. The first is to communicate the Commission's message with the public and let people know what they are doing and where they are going. An RFP was put out last week and the Commission will be selecting someone to handle its public relations, communications and graphics. Ms. Brody continued that the second priority is to get to a point where the Commission is receiving development proposals that they can fairly, transparently, and easily respond to by creating a frameworks package for the proposals. She continued that the Commission will also begin an outreach campaign to the worlds of business, art and residents to bring people to this section of the City. The campaign will continue until all 19 sites have been put under a permit. Mr. Adams asked Ms. Brody if she has been receiving requests for information from companies. Ms. Brody responded the board has been listening to proposals but until there are standards put in place it is hard to judge one proposal versus another. Dr. Carriuolo asked if the criteria used to make selections will be listed on the website. Ms. Brody responded that the board will be putting out a package that is going to be public and the Commission will weigh in on how to prioritize and weight the criteria. Mr. Kelly asked if there was any land still in flux with respect to title issues. Mr. Kane responded that the Commission explored the title issues related to the former highway lands. He continued that there is one parcel on the east side that is currently involved in litigation that the commission did not take title to but it does not have an adverse effect on what the Commission is trying to do.

**8. TO CONSIDER FOR APPROVAL THE ENGAGEMENT OF NEW HARBOR GROUP**

Governor Chafee introduced Marcel Valois for a presentation with respect to the engagement of New Harbor Group. Mr. Valois stated the EDC requires work in the area of messaging, public relations, marketing, social media, dealing with public requests from the general public and news outlets. Mr. Valois recommended that the EDC engage New Harbor Group a marketing and public relations firm, to assist the EDC. Mr. Weiss asked what the budget is for the services. Mr. Valois responded that they have not entered into final negotiations but services would be about 30 to 40 hours per week and the billing rate would be \$125.00 per hour, for a total fee of around \$10,000.00 per month. Governor Chafee commented that Quonset Development Point uses New Harbor Group for its marketing and public relations. Mr. Valois stated that the contract

will be effective July 1, 2013 for six months, with a potential extension of six months, for up to one year.

Mr. Carlotto stated that there has been a policy change at the EDC that will require the signature of two officers' signatures on all contracts. The resolutions voted on tonight by the Board will include language that requires two executives of the EDC to sign off on the contract and that will be the policy going forward.

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

**VOTED:** To approve the Rhode Island Economic Development Corporation's engagement of New Harbor Group, pursuant to the Resolution submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as **Exhibit C**.

9. **TO CONSIDER FOR APPROVAL THE ENGAGEMENT OF LEFKOWITZ, GARFINKEL, CHAMPI AND DERIENZO AS AUDITOR FOR THE RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

Marcel Valois recommended to the board that Lefkowitz, Garfinkel, Champi and DeRienzo ("LGCD") be selected as auditor for the Rhode Island Economic Development Corporation. Mr. Valois introduced Adam Quinlan to discuss the three bids received. Mr. Quinlan stated that the bid was out for about 20 days and the corporation received three responses. LGDC was chosen because they are Rhode Island based, a reputable firm, and the lowest priced at just under \$125,000 for three years. Mr. Quinlan noted approval has been obtained from the Auditor General's office as well.

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

**VOTED:** To approve the engagement of Lefkowitz, Garfinkel, Champi and DeRienzo as auditor for the Rhode Island Economic Development Corporation, pursuant to the Resolution submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as **Exhibit D**.

10. **TO CONSIDER FOR APPROVAL THE FORMATION, RETENTION OR DISSOLUTION OF SUBCOMMITTEES OF THE RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

Marcel Valois recommended a new subcommittee structure for the RIEDC. The six proposed committees are:

1. Executive Subcommittee
2. Rhode Map Economic Planning Subcommittee
3. Access to Capital Subcommittee
4. Customer Relation Management Systems Subcommittee
5. Marketing and Reputation Management Subcommittee
6. Making It Easier to Do Business Subcommittee

Ms. Diaz asked if there is a piece of a previous subcommittee that is going to be maintained. Mr. Adams responded that the Making It Easier to Do Business and Access to Capital subcommittees already existed. Mr. Valois noted that the role of the litigation subcommittee would now be part of the Executive Subcommittee.

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

**VOTED:** To approve the formation, retention or dissolution of subcommittees of the Rhode Island Economic Development Corporation pursuant to the recommendations of the Executive Director.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

11. **TO CONSIDER FOR APPROVAL A JOINDER AGREEMENT BETWEEN THE RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION AND THE QUONSET DEVELOPMENT CORPORATION IN CONNECTION WITH THE EXISTING PENSION PLAN**

Tom Carlotto stated that the employees who left the EDC to become employees at the QDC maintained their relationship with the EDC to the extent they were contributors and participants in an existing pension plan. The Joinder Agreement allows the QDC to be a participant in a committee and to make decisions regarding the

pension plan investments. Mr. Carlotto continued that the EDC can amend the plan as necessary and the QDC can withdraw if it chooses. He further noted that If the QDC does ever withdraw it has to indemnify the EDC of any additional costs that might result from such a withdrawal.

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

**VOTED:** To approve a Joinder Agreement, as presented to the Board of Directors, between the Rhode Island Economic Development Corporation and the Quonset Development Corporation in connection with the existing Pension Plan.

Governor Chafee asked how many participants the agreement affects. Mr. King responded there are 128 participants in the plan, including both current employees and retirees.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

**12. TO CONSIDER FOR APPROVAL THE FOLLOWING RENEWABLE ENERGY FUND MATTERS**

- a. A forgivable loan to the East Avenue Solar Project in the amount of \$39,750.00;
- b. A grant to Newport Solar in the amount of \$33,188.00;
- c. A grant to Newport Renewables in the amount of \$29,422.97;
- d. A grant to Real Goods Solar in the amount of \$72,431.00;
- e. An Early Stage Commercialization Forgivable Loan to VCharge, Inc. in the amount of \$238,500.00; and
- f. An amendment to the vote granting approval to Entech Engineering, to reflect the condition, as presented to the Board, that the grantee would seek clarification from the PUC as to eligibility of projects located in New Shoreham.

Governor Chafee introduced Hannah Morini for a presentation on the Renewable Energy Fund. See **Exhibit E**. Ms. Morini stated there is \$1.5 million allocated for small scale solar projects in 2013. There were 5 applications awarded in Round 1 for a total of \$128,693.25 for 20 solar projects. Mr. Adams asked if the entire \$1.5 million is not used this year, does the balance carry over to next year. Ms. Morini responded that the funds will not be lost. Ms. Morini continued that the Round 2 application deadline was April 30<sup>th</sup> and 3 eligible and complete applications were received for a total of \$135,042 in grant requests for 22 projects. Mr. Adams asked how many deadlines there are. Ms.

Morini responded that there are four programs and three deadlines per program. Ms. Morini stated that Newport Solar is the first application being recommended for approval. The company submitted 8 projects for a total of 28.66 kW, and requested a grant amount of \$33,188.00. The total contract price is \$134,090.50. Ms. Morini continued that the second project recommended for approval is Real Goods Solar. They have 10 projects for a total of 59.7 kW, and requested a grant amount of \$72,431.00. The total contract price is \$305,506.00. Ms. Morini stated the third application recommended for approval is Newport Renewables. The company submitted 4 projects for a total of 22.12 kW, and requested a \$24,816.00. The total contract price is \$113,084.39. Ms. Morini continued that the fourth project being recommended for approval is East Ave Solar, LLC from the Predevelopment Feasibility Program. The objective of the study is to catalyze the development of a 1MW solar farm in Burrillville, to complete all actions which will allow the project to apply for a Distributed Generation (DG) Contract with National Grid, and to win a DG Contract with National Grid. Ms. Morini noted that the anticipated total cost for the project is \$53,000.00 and East Ave Solar, LLC will contribute \$13,250.00. The Renewable Energy Fund will make a forgivable loan in the amount of \$39,750. Repayment of the loan will begin when the project is operational. Ms. Diaz asked how much experience East Ave Solar has. Ms. Morini responded that East Ave Solar is the land owner and Clean Economy Development and Munro Distributing will work with them on the project.

Ms. Morini introduced Bob Chatham from VCharge, Inc. to give a presentation. See **Exhibit F**. Ms. Morini stated VCharge applied to the Early Stage Commercialization Program but the matter is only before the board for an introductory presentation. Mr. Chatham stated the VCharge was founded in Rhode Island three years ago and is in the business of modernizing the grid infrastructure and making it economically possible to do so. VCharge's ceramic electric thermal storage systems provide grid operators with an easy way to efficiently aggregate and control transactive loads. Mr. Chatham continued that transactive load is one of the keys to solving the problems of making the grid more resilient. VCharge aggregates loads to make them smart, transactive and market driven. Mr. Chatham stated that the idea behind VCharge is that we identify load, tag it with an IP address through our control hardware, and then talk to it over the internet to control it and make it smarter. He noted that VCharge is cutting heating costs in Pennsylvania and Maine by 25%-35% and is expanding in Europe.

Mr. Chatham stated that VCharge is seeking funding from the REF to demonstrate VCharge's innovative electrical thermal storage technology within the Pascoag Utility District. Electric Thermal Storage will be made available to utility customers and VCharge will provide a yearly subsidy for three years to give the pilot customers the same rate structure that they would have if they had access to differential electricity rates. Mr. Adams asked about the types of meters that will have to be installed on homes and commented that it sounds like only smaller utility companies will cooperate. Mr. Chatham responded that in Pennsylvania some houses have had smart meters installed, which have the ability to charge variable rates. In Maine two different meters are installed on the house, an off peak meter and an on peak meter.

Ms. Diaz asked if there is data from Pennsylvania. Mr. Chatham responded in Pennsylvania homeowners are saving on average \$300-\$350 per year on their heating bill and using 5%-15% less electricity to heat their house. Mr. Adams asked if the Pascoag Utility Company has to get permission to charge different rates. Mr. Chatham responded that the goal is not to get the rates into practice but to show what would be possible with those kinds of rates.

Ms. Donohue asked if the technology was manufactured in Rhode Island and Mr. Chatham indicated that it was made in the state.

Dr. Carriuolo asked if the EDC staff has been in contact with the people in Pennsylvania about this project. Ms. Morini responded that they have not yet but will be as part of the ongoing due diligence. One of the final steps in the application process will be to contact the references provided by VCharge prior to contract negotiations.

Mr. Weiss indicated that EDC staff can only go so far and the Board would need an independent engineering appraisal as any investor would require.

Mr. Adams asked if the money will be given as a grant. Ms. Morini responded that it will be a forgivable loan.

Mr. Carlotto stated that the board is also being asked to approve an amendment to a prior vote granting approval to Entech Engineering, to reflect the condition, as presented to the Board, that the grantee would seek clarification from the PUC as to eligibility of projects located in New Shoreham.

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

**VOTED:** To approve the Renewable Energy Fund matters, pursuant to the Resolution submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as **Exhibit G**.

**13. TO CONSIDER FOR APPROVAL THE RENEWAL OF THE ENGAGEMENT OF SHECHTMAN HALPERIN SAVAGE, LLP AS GENERAL COUNSEL**

Marcel Valois recommended to the board that Shechtman Halperin Savage, LLP be engaged for another year under the same terms and conditions.

Mr. Weiss voiced his support for the work undertaken by the firm for the corporation and recommended their continued engagement as general counsel.

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

**VOTED:** To approve the renewal of the engagement of Shechtman Halperin Savage, LLP as General Counsel, pursuant to the Resolution submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as **Exhibit H.**

**14. TO CONSIDER FOR APPROVAL THE RENEWAL OF WISTOW, BARYLICK, SHEEHAN AND LOVELY, P.C. AS SPECIAL COUNSEL**

Marcel Valois recommended that the engagement Wistow, Barylick, Sheehan and Lovely, P.C. as special counsel related to the 38 Studios matter be renewed under the same terms and conditions.

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

**VOTED:** To approve the renewal of the engagement of Wistow, Barylick, Sheehan and Lovely, PC as Special Counsel, pursuant to the Resolution submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as **Exhibit I.**

**15. TO CONSIDER FOR APPROVAL THE EXPANSION OF THE NUMBER OF DIRECTORS OF THE SMALL BUSINESS LOAN FUND CORPORATION BOARD OF DIRECTORS**

Marcel Valois recommended that the membership of the Small Business Loan Fund Corporation board be expanded from five to seven members. He stated it is

sometime difficult to get a quorum and he doesn't want to hold back loan approvals because of quorum issues. If more members were available it would be easier to meet the quorum.

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

**VOTED:** To approve the expansion of the number of directors of the Small Business Loan Fund Corporation Board of Directors, from 5 directors to 7 directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Jason Kelly, Ms. Judith Diaz, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 6:59 p.m., upon motion made by Mr. Adams and seconded by Dr. Carriuolo.

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Thomas Carlotto, Secretary