

**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
MEETING OF DIRECTORS  
PUBLIC SESSION  
AUGUST 26, 2013**

**The Board of Directors of the Rhode Island Economic Development Corporation (the “Corporation”) met on Monday, August 26, 2013, in Public Session, beginning at 4:00 p.m., in Alger Hall located on the campus of Rhode Island College, 600 Mount Pleasant Avenue, 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. Jason Kelly, Mr. George Nee, Mr. Tim Hebert, Ms. Elizabeth Francis, Mr. Roland Fiore, Ms. Maeve Donohue, Dr. Nancy Carriuolo, Ms. Shannon Brawley, and Mr. Karl Wadensten. Directors absent were: Ms. Judith Diaz.**

**Also present were: Marcel Valois and Thomas Carlotto.**

**1. TOUR OF THE RHODE ISLAND COLLEGE CAMPUS**

**At 4:06 p.m. the Board of Directors undertook a guided tour of the Rhode Island College Campus. The tour ended at 5:07 p.m.**

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

**Governor Chafee called the meeting to order at 5:09 p.m. indicating that a quorum was present. Governor Chafee thanked President**

**Carriuolo for allowing the Board of Directors to tour the Rhode Island College campus. The Governor reiterated his commitment to public education and added that he was happy to see the State of Rhode Island's investment in public education paying off, despite the substantial funding cuts made by the prior administration. President Carriuolo thanked the Governor and his administration for their continued support.**

## **2. APPROVAL OF THE PUBLIC SESSION MINUTES OF THE MEETING HELD ON JULY 22, 2013**

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

**VOTED: To approve the Public Session Minutes of the meeting of July 22, 2013, as submitted to the Board of Directors.**

**Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Jason Kelly, Mr. George Nee, Mr. Tim Hebert, Ms. Elizabeth Francis, Mr. Roland Fiore, Ms. Maeve Donohue, Dr. Nancy Carriuolo, Ms. Shannon Brawley, and Mr. Karl Wadensten.**

**Voting against the foregoing were: None.**

## **3. 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 a detailed report was available in the Board Member's packages for review and that he would give a brief overview of the status of the various Corporation Subcommittees.**

**Mr. Valois started by noting that a meeting of the Rhode Map Economic Planning Subcommittee had taken place, and an aspect of the discussion was how the Corporation could play an important role in facilitating private sector input into the State's Comprehensive Plan. Mr. Valois continued that although the Marketing and Reputation Management Subcommittee meeting was cancelled, important discussions had occurred between some of its members regarding the re-branding of Rhode Island's image from a business point of view. Mr. Valois further noted that the Making it Easy to do Business Subcommittee conducted a meeting and began discussions with Leslie Taito, which will continue at the next meeting, relating to the Office of Regulatory Reform process. Mr. Valois concluded by mentioning that the Access to Capital Subcommittee had not yet conducted a meeting, however, he has been working on a project to bring to the Access to Capital Subcommittee to incentivize and encourage private sector investment into the Rhode Island economy.**

**The Governor also requested that Mr. Pagliarini briefly discussed the recent references to Rhode Island in Rolling Stone Magazine. Mr. Pagliarini noted that there was a photograph of Taylor Swift, who recently purchased a home in Rhode Island, paddle boarding in Westerly, Rhode Island. He continued that she was quoted as being**

**complimentary of Rhode Island and that such exposure was valuable advertising for the State of Rhode Island.**

#### **4. 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 (“RIAC”). See Exhibit C. Mr. Fredericks introduced himself and thanked the Board of Directors for the opportunity to provide them with an update on RIAC.**

**Mr. Fredericks began his presentation by noting that RIAC has approximately \$50,000,000.00 in annual revenue and that he anticipates that number growing. Mr. Fredericks added that RIAC withstood the recent economic downturn much better than a majority of its competitors throughout the region. He continued by noting that RIAC is a completely self-sufficient entity whose revenues exceed its expenses and which supports operations at five (5) airport facilities in Rhode Island. RIAC has a history of managing its operating expenses in line with its revenue streams and maintains a stable, healthy operating income.**

**Mr. Fredericks then moved on to a discussion regarding air service development. He noted that air service development is a priority and that RIAC has set a goal to service 5,000,000 passengers annually.**

He noted that sixty-four (64%) percent of New England's population lives within 75 miles of T.F. Green Airport and that this air service development goal is attainable. In order to reach this goal, RIAC is working closely with its airline partners to expand the markets that T.F. Green Airport can service. In addition to expanded service, Mr. Fredericks noted that air service development will also focus on additional cargo operations with companies such as UPS and Federal Express. Finally, he noted that T.F. Green Airport is also currently equipped to handle international flights, however, no such service is currently being offered.

Mr. Fredericks continued his discussion with respect to future infrastructure development within RIAC. He discussed the importance of the recently completed Interlink Facility but noted that it will take time for it to become a productive asset to RIAC. Mr. Fredericks also discussed the airport expansion program, which is scheduled for completion in December 2017. The expansion at T.F. Green Airport includes the extension of the runway, the addition of a new glycol management system, and building expansion within the terminal and its hangars. Finally, Mr. Fredericks indicated that the airport has a new website, found at [www.pvdairport.com](http://www.pvdairport.com), with interactive videos and weekly aerial photographs where citizens will be able to track the progress of the Airport Expansion Program.

Governor Chafee asked Mr. Fredericks about passenger service at T.F. Green Airport and was advised that during 2013 there was a

period of five (5) consecutive months with increased passenger service for the first time since 2005, which was the biggest year in the history of the airport. Mr. Fredericks then added that the biggest impediment with respect to passenger growth at T.F. Green Airport over the last several years was Southwest Airline's decision to offer service at Logan Airport. However, he also noted that Logan Airport is continuing to get more congested and RIAC will be able to take advantage of the congestion by providing a more convenient less troublesome travel experience. Governor Chafee added that a portion of the passengers lost to Logan due to Southwest Airline's presence there is being made up by service now offered by Jet Blue at T.F. Green Airport.

#### **5. TO RECEIVE A PRESENTATION FROM THE OFFICE OF ENERGY RESOURCES ON THE STATE ENERGY PLAN**

Governor Chafee next introduced Marion Gold for a presentation on the Office of Energy Resources ("OER"). See Exhibit D. Dr. Gold introduced herself to the Board of Directors as the Commissioner of the OER and indicated that she would be providing an overview of the work done at the OER.

Dr. Gold noted that the OER was established in the 1970s in response to the oil crisis. She continued that the OER has been restructured several times since its establishment, most recently in 2012 by Governor Chafee. Since its inception, the OER has been the lead agency in the State of Rhode Island for energy supply and demand, energy management, renewable energy, energy efficiency, energy

**system reliability and energy security matters. Dr. Gold discussed the upcoming OER projects and indicated that they will be managing a number of complex energy issues, including large scale hydropower, energy efficiency, state energy security improvements and offshore wind projects, pending state and federal approval.**

**Dr. Gold then discussed the partnership between the OER and the Corporation. As a result of the 2012 restructuring by Governor Chafee, the OER and the Corporation, have a strong working relationship with respect to energy efforts. Dr. Gold described how the OER works closely with the Renewable Energy Fund with regard to funding requests. She also noted that the OER and the Corporation have partnered in the development of a ten (10) year Rhode Island State Energy Plan. Dr. Gold concluded her presentation by indicating that the OER would like to continue discussions with the Corporation regarding further collaboration in the future, specifically finalizing the State Energy Plan and conducting an Economic and Jobs Study to evaluate the 2013 energy investments.**

**Following Dr. Gold's presentation, Governor Chafee added that he will be traveling to Canada in September to meet with Eastern Canadian Premiers and the New England Governors regarding, among other things, large scale hydropower projects. Mr. Weiss added that the cost of energy is also an extremely important business issue which can be controlled. The Governor noted that the Toray Plastics project involved competition with numerous states and the company's decision to move forward in Rhode Island was based in part on energy costs.**

## **6. TO RECEIVE A PRESENTATION REGARDING THE PATIENT PROTECTION AND AFFORDABLE CARE ACT (OBAMACARE)**

**Governor Chafee introduced Christine Ferguson for a presentation on the Patient Protection and Affordable Care Act (Obamacare). See Exhibit E. Ms. Ferguson thanked Governor Chafee for providing her with an opportunity to discuss the implementation of the State's new healthcare program with the Corporation's Board of Directors.**

**Ms. Ferguson began her presentation by discussing the cost impact of healthcare on small businesses in Rhode Island. She noted that ninety-eight (98%) percent of business with over fifty (50) employees offer healthcare and that there are only three (3) states in the Country ahead of Rhode Island in that respect. She also noted that fifty (50%) of business with fewer than fifty (50) employees offer healthcare to their employees. Ms. Ferguson indicated that the cost of healthcare is extremely high for small businesses in Rhode Island and explained that HealthSourceRI is driving change for healthcare costs in the State for both small and large businesses. She stated that HealthSourceRI will be offering twenty-eight (28) separate healthcare plans, that will increase quality and choice for Rhode Islanders. She added that a series of informational briefings will be taking place over the next six (6) weeks regarding various issues, including (i) the specifics of the different plan offerings, (ii) who can get costs defrayed and how, (iii) what employees need to know about health insurance, (iv) what factors to consider and questions to ask when deciding on a plan, and (v) how future plans are being negotiated.**

**Ms. Ferguson next discussed the various plan options for small**

businesses. She noted that there are sixteen (16) plans specifically created to meet the needs of small business. Small business employers will have two choices when offering insurance to its employees through HealthSourceRI. The employer will be able to pick one plan for all employees based on the employer's financial ability or to allow each employee to choose from fifteen (15) different plans specifically tailored to their needs. In connection with this discussion, Ms. Ferguson drew the Board of Directors' attention to the HealthSourceRI chart regarding healthcare plans for small businesses. Governor Chafee interjected that Rhode Island is on pace to rollout Obamacare effective October 1, 2013, despite the fact that many other States have opted out of implementation. Mr. Weiss asked about deductibles and Ms. Ferguson referred him to the HealthSourceRI chart regarding healthcare plans for small businesses and mentioned that deductible and premium costs are determined by age. Ms. Ferguson continued that there are various factors to consider when choosing a plan, including (i) premiums, (ii) how care is received, (iii) services, (iv) preventative services and screening, (v) deductible, (vi) coinsurance and copayments, (vii) maximum out of pocket payments, and (viii) tax-free employer contribution and pre-tax employee contributions. In conclusion, Ms. Ferguson stated that HealthSourceRI is focused on working with consumers, doctors, hospitals, insurers, and employers to provide better options for obtaining healthcare as well as providing a robust call center to provide information and support to consumers.

Mr. Weiss asked about how employers who have employees at all

age levels would choose a plan. Ms. Ferguson answered that an employer can pick any plan they want based upon how much money they are willing to contribute. Once an employer picks a plan, any employee may choose a different plan based on coverage and price. However if an employee chooses a more expensive plan, they would bear the burden of paying the increased cost above the employer contribution based on the employer's plan choice. Mr. Nee asked how many Rhode Island companies have fewer than fifty (50) employees and Ms. Ferguson answered that there are approximately 30,000, only half of which currently offer health insurance. Ms. Donohue asked how HealthSourceRI was tracking disease management. Ms Ferguson responded that the call center will be collecting information and that HealthSourceRI will be working hard to address problems raised by callers. She also noted that HealthSourceRI will be working directly with healthcare providers and carriers to collect data regarding the outcome of different healthcare programs such as disease prevention. Mr. Wadensten then asked who is bearing the cost associated with the HealthSourceRI and was told that it is currently being funded by federal grants, however, it has not been determined exactly how the cost associated HealthSourceRI will be funded in the future. In conclusion Governor Chafee asked if this healthcare system can help market Rhode Island. Ms. Ferguson responded that HealthSourceRI will help market the State of Rhode Island, as predictable healthcare costs are very important to businesses.

**8. TO CONSIDER FOR APPROVAL THE PURCHASE OF A CLIENT**

## **RELATIONSHIP MANAGEMENT (CRM) SYSTEM**

**Governor Chafee introduced Marcel Valois for a presentation with respect to the purchase of a Client Relationship Management (CRM) System. Mr. Valois asked Mr. Wadensten to address the discussion regarding the CRM system at the Make It Easy to do Business Subcommittee meeting. Mr. Wadensten indicated that the Make it Easy to do Business Subcommittee felt there are still some big challenges in connection with the CRM System that need further exploration before a recommendation can be made to the Board. Mr. Hebert added that the Corporation has done a good job looking at difference CRM packages, however, he felt there is some additional due diligence that the needs to be completed. Mr. Hebert continued that they are continuing to look at programs that have expandability and operate in the cloud. He also suggested that they look into a pilot process where the CRM would start small and then move forward with a planned approach. Mr. Adams then asked if the Make it Easy to do Business Subcommittee had been reviewing proposals or specifically looking at software. Mr. Wadensten and Mr. Hebert answered that they have been both reviewing proposals and actual software and continue to gather data to consider in connection with the implementation of a CRM System. Governor Chafee asked about a budget with respect to the implementation of a CRM system and Mr. Hebert responded that the proposals have come in anywhere from \$50,000.00 to \$180,000.00, and also indicated that they were focused on keeping costs down. Ms. Donohue asked how the CRM System would be integrated within the Corporation. Mr. Hebert noted that it**

would likely first be implemented by the Corporation and then integrated with the Corporation's partners. He added that there is a potential for the CRM System to be used collectively by the Corporation and approximately forty (40) other organizations. The Governor thanked the Make It Easy to do Business Subcommittee for their work in connection with the CRM System.

**9. TO CONSIDER FOR APPROVAL A RENEWABLE ENERGY FUND RECOVERABLE GRANT TO VCHARGE IN THE AMOUNT OF \$283,500.00**

**Governor Chafee introduced Hannah Morini for a presentation on the Renewable**

**Energy Fund. See Exhibit F. Ms. Morini reintroduced VCharge to the Board of Directors as a presentation was previously given to the Board on June 24, 2013. Ms. Morini stated that VCharge is being recommended to the Board of Directors for funding by the Renewable Energy Fund Advisory Board for a \$283,500.00 recoverable grant/forgivable loan. She noted that at the June 24, 2013 meeting there were questions posited regarding VCharge's business references, the efficiency of its technology, and other funds leveraged by VCharge. Ms. Morini indicated that she spoke with numerous references, all of which gave excellent reviews of their relationship with VCharge, VCharge's technology and product, as well as their overall experience in dealing with VCharge. The references Ms. Morini spoke with were both businesses, such as Pennsylvania Electric Co., as well as individual homeowners utilizing VCharge's technology and product.**

**Governor Chafee left the meeting at 6:51 p.m. and returned at 6:52 p.m.**

**Ms. Morini then introduced George Baker, the CEO of VCharge to address the Board of Directors concerns regarding the efficiency of VCharge's technology and other funds leveraged by VCharge. Dr. Baker thanked the Governor and the Board of Directors for the opportunity to present his company's request for funding. He continued by discussing the efficiency of VCharge's product and the funding that VCharge is seeking from investors in both the United States and Europe. Mr. Fiore asked about the relationship that VCharge has with National Grid as far as transmission is concerned. Dr. Baker noted that VCharge has conducted discussions with local National Grid; however there is currently no tariff in Rhode Island that would allow residents to take advantage of VCharge's product. Dr. Baker indicated that Pascoag Electric does have the ability to manage its tariff's that allow for VCharge's product. Mr. Adams asked how many customers were in the Pascoag Electric, to which Dr. Baker responded tens of thousands. Mr. Adams then asked how the off peak metering would be accomplished and Dr. Baker explained that the VCharge technology could accomplish separate metering or an off-peak meter could be installed. Mr. Weiss asked about whether VCharge was seeking to have customers switch over from their current heating source. Dr. Baker indicated that if customers have access to natural gas that his company would not recommend a**

conversion but for other customers he explained that it was more efficient to use electric with the implementation of the VCharge technology combined with appropriate tiered rates. Ms. Morini indicated that one of the more impressive pieces of VCharge's application is the proposed development of the second version of their product, which is intended to expand the technology to use with other end uses such as electric cars. Ms. Donohue asked if the company intended to stay in Rhode Island. Mr. Baker indicated that VCharge intended on staying in Providence and the only limitation that could require a move elsewhere is the potential inability to attract employees with appropriate technical expertise. Mr. Adams also asked that Dr. Baker clarify exactly how VCharge's electric heating product works. Dr. Baker then went into a technical discussion of exactly how VCharge's heating product functions within an individual home. Finally, Ms. Morini and Mr. Valois discussed that this funding is in connection with the Early Stage Commercialization Program, and there is an understanding of increased risk with funding under this program. Mr. Valois also noted that this funding request has been vetted thoroughly through the Energy Counsel, various business references and two meetings of the Corporation and all parties are strongly supporting the application. Mr. Wadensten asked about the funds on hand in the Renewable Energy Fund and how much would be left in the early stage program if the VCharge proposal was approved. Ms. Morini indicated that the VCharge proposal would use approximately one-third of the funds in the Early Stage Commercialization Fund.

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

**VOTED: To approve the Renewable Energy Fund recoverable grant to VCharge in the amount of \$283,500.00, pursuant to the Resolution submitted to the Board of Directors.**

**Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Stanley Weiss, Mr. Jason Kelly, Mr. George Nee, Mr. Tim Hebert, Ms. Elizabeth Francis, Mr. Roland Fiore, Ms. Maeve Donohue, Dr. Nancy Carriuolo, Ms. Shannon Brawley, and Mr. Karl Wadensten.**

**Voting against the foregoing were: None.**

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

**10. TO CONSIDER A PROPOSAL FROM THE BANKRUPTCY TRUSTEE FOR 38 STUDIOS, LLC REGARDING THE USE OF CASH COLLATERAL**

**Governor Chafee requested that the Board of Directors move into executive session to consider a proposal from the Bankruptcy Trustee for 38 Studios, LLC regarding the use of cash collateral.**

**Members of the Board and counsel entered into closed session at**

**7:01 p.m.**

**The public session reconvened at 7:25 p.m.**

**Upon motion duly made by Mr. Weiss and seconded by Mr. Wadensten, 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. Jason Kelly, Mr. George Nee, Mr. Tim Hebert, Ms. Elizabeth Francis, Mr. Roland Fiore, Ms. Maeve Donohue, Dr. Nancy Carriuolo, Ms. Shannon Brawley, and Mr. Karl Wadensten.**

**Voting against the foregoing were: None.**

**Mr. Carlotto stated that during the Executive Session there was vote of the Board taken to approve the proposal from the Bankruptcy Trustee for 38 Studios, LLC regarding the use of cash collateral, pursuant to the Resolution submitted to the Board of Directors.**

**There being no further business in Public Session, the meeting was adjourned by unanimous consent at 7:28 p.m., upon motion made by Mr. Weiss and seconded by Mr. Wadensten.**

**Thomas Carlotto, Secretary**