RHODE ISLAND COMMERCE CORPORATION

MEETING OF DIRECTORS
PUBLIC SESSION

The Board of Directors of the Rhode Island Commerce Corporation (the "Corporation") met on September 30, 2015, in Public Session, beginning at 5:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, RI 02908, pursuant to the public notice of meeting, a copy of which is attached hereto as Exhibit A, as required by applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Gina M. Raimondo, Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, George Nee, Ronald O'Hanley, Donna M. Sams, Vanessa Toledo-Vickers and Karl Wadensten.

Directors absent were: Dr. Nancy Carriuolo and Jason Kelly.

Also present were: Secretary of Commerce Stefan Pryor, Darin Early, Wade Gibson, Jeremy Licht and Thomas Carlotto.

1. CALL TO ORDER AND OPENING REMARKS

The Governor called the meeting to order at 5:07 p.m. indicating that

a quorum was present.

2. TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES FOR THE MEETING HELD ON August 19, 2015

Upon motion duly made by Mr. Hebert and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: To approve the Public Session Minutes for the meeting held on August 19, 2015

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Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, George Nee, Ronald O'Hanley, Donna M. Sams, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

3. TO CONSIDER FOR APPROVAL THE ANNUAL AUDIT OF THE RHODE ISLAND COMMERCE CORPORATION

The Governor introduced Darin Early to discuss the annual audit.

Mr. Early briefly explained what was under consideration by the Directors and noted that Lisa Lasky, CFO, would give a presentation and that the Corporation's auditors were also available to answer questions.

Ms. Lasky explained that the current audit was conducted by LGC&D, pursuant to a three year contract, which is in its final year. She went on to give a brief overview of the audit. Ms. Lasky explained that for this year's audit there was a change in accounting standards as a result of the adoption of Statement 68 of the Governmental Accounting Standards Board, which specifically addresses defined benefit plans. The adoption of the new standard required the restatement of the prior year net position by about an additional $500,000. She highlighted the fact that Corporation actually had a net pension asset of approximately $477,000 at year end meaning that the pension plan was fully funded. Ms. Lasky also noted that there was a pension liability for members of the staff that are members of the State pension system.

Ms. Lasky went on to explain that the financial statements showed that total liabilities exceeded assets by approximately $8.2 million. She indicated that there was an operating loss of about $13.9 million, which was partially offset by net non-operating revenue of $4.2 million, leaving a decrease in net position of approximately $9.3

million. Ms. Lasky explained that the decrease in net position was primarily as a result of the Corporation's liability to the State in connection with a conduit bond issuance.

Ms. Lovejoy asked if it was a normal circumstance for a quasi-governmental corporation to have such a loss. Ms. Lasky explained that it was an unusual circumstance arising as a result of the 38 Studios bond transaction and the associated liability of the Corporation to the State.

Ms. Lovejoy inquired if the loss was expected to increase based upon additional debt service payments and Ms. Lasky responded that was the case. Ms. Lovejoy also asked if the appropriation would be a source of repayment and Ms. Lasky indicated that appropriation was made independent of the liability. Ms. Lasky explained that certain revenues would be used to repay the State advances from such income as financing fees and other operating sources. Ms. Lovejoy noted that the Corporation could have a deficit position for years to come and Ms. Lasky agreed.

Ms. Toledo-Vickers asked what the results would be if the obligation to the State was removed and Ms. Lasky indicated it would be a net positive for the Corporation.

Mr. McNally asked if it was possible in future years to separate out revenue and expenses without this obligation to help clarify matters

for the Board. Ms. Lasky noted that the form of the financial statements are required by the State Auditor General but that the information could also be presented to the Board in alternative forms.

Mr. Hebert suggested that it might be helpful to review interim financials a month or so before the presentation of the audited financials to the Board. Ms. Lasky agreed that a presentation of interim financials could be undertaken in July of each year.

Mr. Early explained that the present format has more to do with the compliance aspect of the audit and that the Corporation's budget would be under consideration at next month's meeting, which would be presented in a more user friendly format.

Mr. Buonnano commented that in terms of process what is the timing on the approval of the audit. He noted that typically there are audit committees that spend significant time on an audit before consideration by a full board. Mr. Carlotto noted that the Corporation's financials roll up to the State and the Auditor General requires the approval by September of each year. The Governor asked if there was a statutory requirement. Mr. Carlotto inquired of the lead auditor, Mr. Geremia, as to the statutory requirement. Mr. Geremia explained that the statutory requirement was September 30 annually, but the Corporation could request additional time from the Auditor General.

Ms. Kaplan asked for future years whether an audit committee could be formed. Mr. Carlotto noted that the bylaws of the Corporation should be updated and explained that draft bylaws are presently under review by the Corporation's executive team that include a standing audit committee. The Governor asked about the process for approving new bylaws and Mr. Carlotto explained that the approval process was subject to the Administrative Procedures Act. He also noted that as an interim measure the Board could establish an audit committee prior to the adoption of new bylaws. The Governor asked when the bylaws would likely come before the Board and Mr. Early indicated he anticipated the December – January time frame.

Mr. Wadensten indicated that on some occasions in the past the Treasurer had reviewed the financials with staff in advance of consideration by the Board and he wanted to know if that was required by the bylaws. Mr. Carlotto explained that there was no such requirement in the bylaws. Mr. Wadensten indicated that with the prospect of amending the bylaws a procedure should be formalized.

Ms. Sams asked if there was any compelling reason for the need of an audit committee prior to January if the Board approved the present draft financials. Mr. Early explained that there was not a compelling reason for such a committee prior to the anticipated time for consideration of new bylaws.

Mr. Buonanno indicated that he believed approval of the draft

financial statements was appropriate at this time but that a different process involving an audit committee should be implemented for all future consideration of such audits.

The Governor supported Mr. Buonanno's suggestion and stated that the bylaws should be amended by the end of the year.

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

VOTED: To approve the annual audit of the Corporation.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, George Nee, Ronald O'Hanley, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

Donna M. Sams recused herself from the vote.

4. TO CONSIDER FOR APPROVAL THE RETENTION OF A CONSULTANT IN RELATION TO THE P-TECH INITIATIVE

The Governor introduced Secretary Pryor to discuss the P-Tech program.

Secretary Pryor indicated that the P-Tech is a budgeted for new program in Rhode Island. P-Tech involves the partnering of three entities, high schools, the Community College of RI and employers. The program is designed to provide candidates with the opportunity to graduate after an additional year or two from high school with an associate's degree.

He explained that the Corporation issued a solicitation to engage a consultant to aid in the implementation of the program. Secretary Pryor introduced Wade Gibson, Chief of Staff at the Executive Office of Commerce, to provide background on the solicitation process.

Mr. Gibson discussed the RFP process and the response received from Robin Golden. He described Ms. Golden's experience in relation to Connecitcut's program and the proposed structure of her engagement.

Ms. Kaplan asked if there was any reason for the limited response to the RFP and Mr. Gibson explained that it was conducted through the normal channels used by the Corporation for solicitations.

Ms. Lovejoy inquired if there would be a need for staffing after the first year of program development. Secretary Pryor indicated that it was a possibility but he believed that there would more likely be shared resources amongst several agencies to aid the program after the initial program set up.

Mr. Buonnano noted that this type of a program could have significant returns to the State but from a purely financial perspective it may appear as a loss to some degree for the Corporation. He explained that it may require a change in mindset for some Directors, including himself, to view these programs with a broader perspective.

Mr. Nee asked if there was anything in the legislation that precluded an earlier roll out. Secretary Pryor indicated that there was not a statutory prohibition on an earlier roll out but that the development of the program from the ground up is a fairly significant undertaking. The Governor explained that the program requires substantial set up including development of curriculum, creating partnerships and engaging business support.

Ms. Sams asked if we truly understand the connection with the existing Year Up program and whether this program will compete with it for resources. Ms. Golden responded that the P-Tech program starts in the ninth grade in order to transform how high schools operate. The Governor suggested that there is the potential for a partnership. Ms. Sams responded that it makes sense that there would be complementary work in both programs. Secretary Pryor noted that in Connecticut the goal was to strengthen the ability to help students, not to crowd out other or complementary programs. The Governor indicated that the Year Up program is different than P-Tech in terms of focus and training, and she suggested a dialogue

with the founder of P-Tech in Brooklyn, NY, which also has a strong Year Up program.

Upon motion duly made by Ms. Sams and seconded by Mr. O'Hanley, the following vote was adopted:

VOTED: To approve the retention of a consultant, pursuant to the Resolution submitted to the Board of Directors.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, George Nee, Ronald O'Hanley, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: None.

Vanessa Toledo-Vickers recused herself from the vote.

A copy of the Resolution is attached hereto as Exhibit B.

5. TO CONSIDER FOR APPROVAL THE AUTHORIZATION TO FUND THE POSITION OF RHODE ISLAND DEFENSE COMMERCIALIZATION DIRECTOR

Mr. Early asked David Sanders from Naval Undersea Warfare Center NUWC to briefly present the program.

Mr. Sanders indicated that the proposal is to place a NUWC employee at the Corporation to help foster the commercialization of defense technology. He explained that NUWC develops forty to fifty patents yearly that could have commercial applications. Mr. Sanders further explained that this individual could help in terms of developing nontraditional business support to NUWC which expends about $500,000,000 annually.

Mr. Sanders engaged in a dialogue with Directors relative to NUWC's presence in Newport including the number of employees, hiring over the past three years, average compensation and source of employees from local colleges and universities.

Mr. Buonanno asked how success would be measured relative to the activities of this individual. Mr. Sanders responded that NUWC is required to report annually in relation to a number of criteria including number of positions created, number of companies developed and the number of commercial applications resulting from the patents developed by NUWC as a result of this individual's efforts.

Mr. Wadensten asked if the program was intended to attract businesses from outside of Rhode Island. Mr. Sanders explained that the goal is to focus on Rhode Island businesses at least initially.

Upon motion duly made by Mr. Nee and seconded by Ms. Toledo-Vickers the following vote was adopted:

VOTED: To approve the funding for the position of the Rhode Island Defense Commercialization Director, pursuant to the Resolution submitted to the Board of Directors.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, George Nee, Ronald O'Hanley, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: None.

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

6. TO CONSIDER FOR APPROVAL THE RELEASE OF CERTAIN DEED AND/OR DEVELOPMENT RESTRICTIONS IN RELATION TO ALEXION PHARMACEUTICALS

The Governor introduced Darin Early to discuss the request from Alexion.

Mr. Early briefly explained the background as to the Corporation's involvement in the business park and the existing restrictions. He

detailed the basis for the request and noted that it is a first step in the process as both Fidelity and Bryant University also hold similar restrictions on the property, which would need to be lifted.

The Governor discussed the potential expansion at Alexion and that the parties have been working with Fidelity, which has been a very cooperative partner. She explained that Alexion is a great company that has a significant employee base in an advanced industry within the State.

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

VOTED: To authorize the Corporation's executives to release deed and/or development restrictions, pursuant to the Resolution submitted to the Board of Directors.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, George Nee, Ronald O'Hanley, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: None.

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

7. TO CONSIDER FOR APPROVAL VENDORS TO PROVIDE TOURISM MARKETING AND RELATED SERVICES.

The Governor summarized the legislative efforts that resulted in a $5 million appropriation for a business attraction campaign and a tourism campaign. She explained that the first step is to engage vendors to help develop these campaigns. The Governor indicated that an RFP resulted in fifty-one bids and introduced Secretary Pryor to discuss the matter in further detail.

Secretary Pryor stated that the Governor's charge was to create a campaign that integrates both a tourism focus and a business attraction component. He described the vetting process including the input from local tourism bureaus, chamber of commerce leaders and experts in tourism, hospitality and related fields. He explained that the process resulted in the recommendation of a set of firms.

Mr. Hebert asked if the three firms presented together or individually, and Secretary Pryor indicated that they each bid individually in response to the RFP.

Secretary Pryor indicated that Milton Glaser will be primarily responsible for brand identity with help from Havas and Epic Decade. He explained that Milton Glaser is best known for the "I love NY" campaign. Havas is a worldwide firm with 12000 employees that will be responsible for deploying the brand across multiple media and

Epic Decade is a Rhode Island company that will be responsible for creating events that attract media attention.

Mr. McNally, who participated in the selection process, gave detail as to how the candidates were vetted, interviews conducted and final selections made. The Governor reiterated that the selection process was robust and detailed her involvement in interviews and final selection.

Ms. Sams pointed out that as we go forward she wants to ensure that diversity is appropriately reflected in the process.

The Secretary introduced Charles Pickering from Milton Glaser. He explained that the goal of his agency is to amplify Rhode Island's voice. Next, Secretary Pryor introduced Marion Salzman from Havas. She discussed the local office of Havas and additional staffing that will result from the campaign. She also emphasized that part of the focus will be "nearcationers", which are people within 200 miles of Rhode Island. Finally, the Secretary introduced Seth Goldenberg. Mr. Goldenberg provided background of his company and his Rhode Island roots. He explained how his company is uniquely situated to engage the public and create signature forums in relation to the campaign.

Ms. Toldeo-Vickers indicated that the Rhode Map project may provide some examples of what works and what does not work in terms of

civic engagement.

Mr. O'Hanely asked if there was going to be a common set of objectives for all the vendors. Secretary Pryor indicated that there would be a set of metrics by which the campaigns would be measured.

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

VOTED: To authorize the engagement of Milton Glaser, Havas PR and/or Epic Decade for an amount up to $4,500,000.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, George Nee, Ronald O'Hanley, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: None.

8. TO CONSIDER FOR APPROVAL LITIGATION ISSUES RELATED TO 38 STUDIOS, LLC

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

VOTED: To enter into Executive Session pursuant to RIGL 42-46-5(a)(2) to discuss litigation issues related to 38 Studios.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, George Nee, Ronald O'Hanley, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: None.

VOTED: To have the minutes of the Executive Session not be made available to the public, except as to such portions of the minutes as the Board ratifies and reports in Public Session.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, George Nee, Ronald O'Hanley, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: None.

Mr. Carlotto disclosed that the Board had unanimously voted in Executive Session to keep all votes confidential pursuant to RIGL 42-46-4(b).

Vote to Adjourn.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 6:32 p.m., upon motion made by Mr. Wadensten and seconded by Mr. Hebert.

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Thomas Carlotto, Secretary