

RHODE ISLAND COMMERCE CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

The Board of Directors of the Rhode Island Commerce Corporation (the “Corporation”) met on October 26, 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, Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, George Nee, Donna M. Sams, and Vanessa Toledo-Vickers.

Directors absent were: Bernard V. Buonanno III, Ronald O’Hanley and Karl Wadensten.

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

1. CALL TO ORDER AND OPENING REMARKS

Dr. Carriuolo called the meeting to order at 5:06 p.m. indicating that a quorum was present.

2. TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES FOR THE MEETING HELD ON SEPTEMBER 30, 2015.

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

VOTED: To approve the Public Session Minutes for the meeting held on September 30, 2015

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, George Nee, Donna M. Sams, and Vanessa Toledo-Vickers.

Voting against the foregoing were: None.

3. TO CONSIDER FOR PRELIMINARY APPROVAL THE ISSUANCE OF BONDS FOR THE PAWTUCKET YMCA.

Mr. Early explained that the Corporation acts as a conduit issuer for various entities including nonprofit institutions. He indicated that a nonprofit is able to borrow on a tax exempt basis through the use of a

conduit issuance. Mr. Early discussed the refinancing for the Pawtucket YMCA, which will permit the YMCA to take advantage of today's lower interest rate. He then explained the process by which the Access to Capital Subcommittee would review the specifics of the transaction and make a recommendation to the Board.

Ms. Lovejoy asked if there was any moral obligation or guaranty tied to the bond issue and Mr. Early indicated that it was a conduit issuance with no moral obligation or guaranty.

Ms. Toledo-Vickers asked if all payments on the existing bonds were up to date, which Mr. Early indicated was the case.

Mr. Hebert asked if there was a RFP process in relation to the selection of the bank and Mr. Carlotto explained that with a private nonprofit they will typically choose the bank similar to an private enterprise.

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

VOTED: To preliminarily approve the issuance of the Pawtucket YMCA Revenue Bonds, pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim

Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, George Nee, Donna M. Sams, and Vanessa Toledo-Vickers.

Voting against the foregoing were: None.

A copy of the Resolution is annexed as Exhibit B.

4. TO DISCUSS THE ANNUAL BUDGET OF THE CORPORATION.

The Governor arrived at 5:14 p.m.

Mr. Early discussed the budgeting process and the transformation of the corporation from principally an operating entity to an investment entity that is responsible for deploying various incentive programs. He briefly described the structure of the budget presentation and the areas of focus for discussion with the Board.

Mr. Early indicated that approximately 95% of the Corporation's capital comes from the State with the balance coming from federal grants and operating income. In terms of expenses, he identified three categories, personnel, overhead and third-party.

Mr. Early explained that the budget is about \$41.5 million, comprised of a base allocation of 20% for operations, 67% for programs with the remaining amounts comprised of the Renewable Energy Fund and a variety of pass through appropriations such as grants and airport

impact aid. He then detailed the federal programs managed by the Corporation and the funding associated therewith.

Ms. Lovejoy asked if payments on bonds such as 38 Studios were reflected in the budget and Mr. Early indicated that would not be reflected.

Mr. McNally indicated that he anticipated programmatic to offset expenses and Mr. Early explained it was largely attributable to staff allocations.

Mr. Early continued to discuss the specific details of the sources of revenue for the Corporation.

The Governor noted that Wave incentives are an important part of the budget and that all of the Board members should consider themselves salespeople for these programs.

Mr. Early proceeded to discuss expenses in detail and highlighted that about 23% of the expense goes toward overhead with the balance going toward investment into the State's economy through the Corporation's programs.

He then provided a comparison between Fiscal Year 2015 to Fiscal Year 2016.

Mr. Hebert asked about additional detail being provided to Board Members and Mr. Early indicated that a summary would be provided and complete detail can be provided to any director who wanted the additional information.

The Governor encouraged Board Members to obtain an additional level of detail in considering the budget.

5. TO CONSIDER FOR APPROVAL RULES FOR THE WAVEMAKER FELLOWSHIP PROGRAM AND THE FIRST WAVE CLOSING FUND.

The Governor introduced Secretary Pryor to discuss the Rules for the Wavemaker Fellowship Program and the First Wave Closing Fund.

The Secretary began by discussing the Wavemaker Fellowship, which is aimed at reversing the brain drain in the state. He noted that employers often have positions that they have difficulty filling with qualified candidates and parents tell him that their children graduate from local colleges and leave the state or they go off to college in another state and don't come back.

The Secretary explained that the program is a fellowship and it is intended to create a sense of distinction regarding successful selection for this fellowship. The program is a loan repayment program aimed at recipients with an associate's, bachelor or

advanced degree, which can be substantial benefit to graduates. He highlighted the factors to be used in selecting applicants and explained that the process is applicant blind and employer blind.

Ms. Lovejoy asked if students who attend college outside of Rhode Island are eligible and Secretary Pryor affirmed that was the case.

Mr. Hebert asked if the program overlays with and Department of Labor programs. Secretary Pryor indicated that the programs are not mutually exclusive and can be overlaid.

Dr. Carriuolo asked if a candidate qualifies for a fellowship and then moves to another job in-state will they continue to qualify for the award. The Secretary indicated that would be up to the selection committee to determine if an award would continue dependent upon the factual circumstances of a given case.

Ms. Toledo-Vickers asked how much money was available and the Secretary indicated that for fiscal 2016 the amount appropriated was \$1.75 million. He explained that once those monies are exhausted the program would be complete for the year. Ms. Toledo-Vickers asked if there will be a rolling process, first come first serve. Secretary Pryor indicated that it was his expectation there would be an application deadline and candidates reviewed from a specific pool.

Ms. Kaplan asked about the composition of the selection committee.

Mr. Licht explained the statutory framework establishing the fellowship committee and the Board's role in the establishment of the committee.

Secretary Pryor next discussed the First Wave Closing Fund. He indicated that the Fund is intended to be a flexible program that will help in the case other economic incentives are not sufficient to bring a priority project to fruition. The Secretary explained the criteria used in considering projects and noted there is a financing agreement required for each approved applicant.

Ms. Lovejoy asked about the funding of the program and the Secretary explained that there was \$5 million appropriated for fiscal 2016.

The Governor indicated that the program was intended, in part, to act as a contingency fund to some extent as for example in a large deal the parties get to the point of closing and there is an additional need to bring the project to the finish line.

Mr. Nee asked about wage rates. The Secretary explained that the Board has the capacity to consider wage rates at any time and the Fund is intended to provide flexibility.

Mr. Hebert noted that the investment committee would evaluate the quality of the return of the project. The Governor agreed and

reiterated that the strategy behind the programs is to help catalyze some important signature projects.

Mr. Hebert asked about the application process. Secretary Pryor explained that it is a two-stage process, which in effect is an invitation based system.

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

VOTED: To approve rules for the Wavemaker Fellowship program and the First Wave Closing Fund, pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, George Nee, Donna M. Sams, and Vanessa Toledo-Vickers.

Voting against the foregoing were: None.

A copy of the Resolution is annexed as Exhibit C.

6. TO CONSIDER FOR APPROVAL THE ENGAGEMENT OF LONGWOODS INTERNATIONAL.

Mr. Early explained that the purpose of engaging Longwoods was to

measure the effectiveness of the marketing and branding campaign. He indicated that the company would measure the impact of these campaigns at discrete increments over time.

Mr. McNally asked about the timing lag between the commencement of the marketing/branding initiative and concrete data. Mr. Early explained that there would be different aspect of the reporting that would allow assessment both early on and throughout the campaign. He also noted that the reporting will help drive the branding initiative over time.

There was a discussion amongst Board members and Mr. Early relative to the role of Longwoods and the importance of measuring outcomes.

The Governor noted that it is important to focus on the effectiveness of the limited resources allocated to the tourism and branding campaign to ensure the state gets the most out of its program. She explained that marketing returns are measurable and that Longwoods are experts in the field.

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

VOTED: To approve the engagement of Longwoods International, pursuant to the Resolution as submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, George Nee, Donna M. Sams, and Vanessa Toledo-Vickers.

Voting against the foregoing were: None.

A copy of the Resolution is annexed as Exhibit D.

7. TO CONSIDER FOR APPROVAL A CHANGE IN THE AMOUNT OF FUNDING IN RELATION TO SERVICES PROVIDED BY HR&A ADVISORS INC., AND CONVENTIONS SPORTS & LEISURE INTERNATIONAL.

Mr. Pryor explained the purpose of the reallocation between HR&A and CSL. He indicated that this will be the final reallocation and that HR&A will be developing a presentation regarding the 195 corridor. Mr. Jennings detailed the reallocation of funding.

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

VOTED: To approve a change in the amount of funding in relation to services provided by HR&A Advisors, Inc. and Conventions Sports & Leisure International, LLC, pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, George Nee, Donna M. Sams, and Vanessa Toledo-Vickers.

Voting against the foregoing were: None.

A copy of the Resolution is annexed as Exhibit E.

8. TO CONSIDER FOR APPROVAL THE CREATION OF CERTAIN COMMITTEES OF THE BOARD

The Governor discussed the creation of an audit committee and an investment committee.

Mr. Hebert noted that there is a request to create the committees now and the Governor would appoint members to those committees at a later date. The Governor indicated that Mr. Hebert was correct.

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

VOTED: To create an Audit Committee and an Investment Committee as presented to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Tim

Hebert, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael F. McNally, George Nee, Donna M. Sams, and Vanessa Toledo-Vickers.

Voting against the foregoing were: None.

Vote to Adjourn.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 5:54 p.m., upon motion made by Mr. Nee and seconded by Mr. Hebert.

Thomas Carlotto, Secretary