

# **RHODE ISLAND COMMERCE CORPORATION**

## **MEETING OF DIRECTORS**

### **PUBLIC SESSION**

**October 24, 2016**

**The Board of Directors of the Rhode Island Commerce Corporation (the “Corporation”) met on October 24, 2016, in Public Session, beginning at 5:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, Rhode Island 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, Mary Lovejoy, Mary Jo Kaplan, George Nee, Michael F. McNally, Ronald O’Hanley, Jason Kelly, Tim Herbert, Dr. Nancy Carriuolo, and Karl Wadensten.**

**Directors absent were: Bernard V. Buonanno III, Donna M. Sams and Vanessa Toledo-Vickers.**

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

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

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

**2. TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES FOR THE MEETING HELD ON SEPTEMBER 26, 2016.**

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

**VOTED: To approve the Public Session minutes for the meeting held September 26, 2016 as presented to the Board.**

**Voting in favor of the foregoing were: Mary Lovejoy, Mary Jo Kaplan, George Nee, Michael F. McNally, Ronald O'Hanley, Jason Kelly, Tim Herbert, Dr. Nancy Carriuolo, and Karl Wadensten.**

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

**3. TO CONSIDER AN AMENDMENT TO THE AWARD TO THE PROVIDENCE FOUNDATION UNDER THE MAIN STREET RHODE ISLAND STREET SCAPE IMPROVEMENT PROGRAM.**

**Mr. Kelly recused himself from participation in this matter. Mr. Early explained that the Board previously awarded funds to the Providence Foundation under the Main Street Rhode Island Street Scape Improvement Program to install wayfinding signage throughout city.**

**Pursuant to that award, the Corporation's staff sought blanket indemnity from the Providence Foundation in relation to the grant agreement between the parties. Mr. Early explained that the Providence Foundation agreed to the Corporation's request for indemnification, but as result, is seeking a nominal increase in its Main Street award, in the amount of \$4,000, to cover the cost of the insurance necessary to ensure its ability to indemnify the Corporation.**

**Secretary Pryor commended Mr. Early, Rebecca Webber, and the Corporation's staff for identifying and creatively solving the problem. Mr. Wadensten applauded Mr. Early on identifying potential risk and liability to the State.**

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

**VOTED: To approve an amendment to the award to the Providence Foundation under the Main Street Rhode Island Streetscape Improvement Program in an additional amount of \$4,000.**

**Voting in favor of the foregoing were: Mary Lovejoy, Mary Jo Kaplan, George Nee, Michael F. McNally, Ronald O'Hanley, Tim Herbert, Dr. Nancy Carriuolo, and Karl Wadensten.**

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

#### **4. TO CONSIDER AN AMENDMENT TO THE ANNUAL AUDIT OF THE CORPORATION.**

**Mr. Early stated that subsequent to the Board approving the Corporation's audited financials, the Corporation received an opinion from the auditor general that the Corporation's financial statements would need to be amended in relation to GASB 33. He explained that the practical effect of this accounting change is that the Corporation must now account for money that is pre-funded for incentive programs as revenue and such funds will only be classified as an expense when paid out under the particular program. Mr. Early explained that such accounting method will create volatility in the Corporation's profit and loss report over time. He stated that to compensate for such volatility, the Corporation's management will create their own financials for review and reports to the Board; however, any official or audited financials will be accounted for under GASB 33.**

**Lisa Lasky, the Corporation's chief financial officer, explained that all of the money earmarked for incentive awards will now pass through the Corporation's revenue and will not constitute an expense until such funds are disbursed as incentives.**

**Mr. Early noted a similar issue relating to GASB 33 that arose last year; however, this year, a determination was made that the**

**Corporation had to abide by GASB 33. He explained that such determination is appealable, but there is a small likelihood of success on appeal.**

**Mr. Early and other Board members discussed how the prefunded money for incentive programs will appear on the Corporation's profit and loss report. Mr. Early, by way of example, stated that this year, the Corporation received prefunded money for the Rebuild RI incentive program; next year, such prefunding will appear on the Corporation's profit and loss report as revenue. Ms. Lasky confirmed the timing of the prefunding and that such distributions will only show as an expense when such funds are paid out as awards under a program.**

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

**VOTED: To approve the amended financial statements as presented to the Board.**

**Voting in favor of the foregoing were: Mary Lovejoy, Mary Jo Kaplan, George Nee, Michael F. McNally, Ronald O'Hanley, Jason Kelly, Tim Herbert, Dr. Nancy Carriuolo, and Karl Wadensten.**

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

**A copy of the amended financial statements are annexed hereto as Exhibit B.**

**5. TO CONSIDER AMENDED PRINCIPLES IN RELATION TO LENDING AUTHORITY UNDER THE REBUILD RHODE ISLAND TAX CREDIT PROGRAM.**

**Mr. Carlotto stated that the Board previously approved a set of principles for the Rebuild Rhode Island Tax Credit Program (“Rebuild Program”); however, those principles need to be amended to comply with recently enacted legislation. He explained that the new legislation permits the Corporation the option to lend money in lieu of issuing tax credits under the Rebuild Program. Mr. Carlotto also explained that there is a provision within the Corporation’s enabling act that requires any lending transaction to be approved by a subcommittee of the Board and that subcommittee must consist of outside members. He noted that the Access to Capital subcommittee has been constituted as the subcommittee to fill this statutory role. Mr. Carlotto explained that the Access to Capital subcommittee has reviewed the principles before the Board and recommends them for approval.**

**Mr. Hebert asked under what circumstances a loan would be viewed as a better vehicle in terms of granting an incentive. Mr. Saglio explained that for purposes of federal historic tax credits a loan structure provides a sponsor with a vehicle that avoids potential**

**issues relative to involvement of a non-profit entity being considered an equity holder.**

**Mr. Early explained that a loan provides a structural benefit and makes the incentive agreement more appealing to those sponsors who have a limited risk tolerance in relation to potential impact on federal tax credits.**

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

**VOTED: To approve the amended principles in relation to the Rebuild Rhode Island Tax Credit Program as submitted to the Board.**

**Voting in favor of the foregoing were: Mary Lovejoy, Mary Jo Kaplan, George Nee, Michael F. McNally, Ronald O'Hanley, Jason Kelly, Tim Herbert, Dr. Nancy Carriuolo, and Karl Wadensten.**

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

**A copy of the amended Rebuild Rhode Island Review and Evaluation Principles is annexed hereto as Exhibit C.**

**There being no further business in Public Session, the meeting was adjourned by unanimous consent at 5:31 p.m., upon motion made by Mr. Wadensten and seconded by Mr. Herbert.**

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**Thomas Carlotto, Secretary**