

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

May 24, 2010

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, May 24, 2010, in Public Session, at 5:00 p.m. at the Offices of the Quonset Development Corporation at the Quonset Commerce Park in 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 required by the By-Laws of the Corporation and applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Donald L. Carcieri, Mr. Lynn Singleton, Mr. Karl Wadensten, Mr. Daniel Sullivan, Mr. Shivan Subramaniam, Ms. Cheryl Snead, Mr. George Nee, Mr. Paul Choquette and Dr. Timothy Babineau.

Directors absent: Mr. Alfred Verrecchia, Mr. Stephen Lane, Ms. Donna Cupelo and Dr. David Dooley.

Also present were: Executive Director Keith Stokes, members of the Corporation's staff and Attorney Robert I. Stolzman.

Governor Carcieri presided over the meeting and Attorney Robert I. Stolzman acted as Secretary.

1. CALL TO ORDER.

Governor Carcieri called the meeting to order at 5:00 p.m.

2. APPROVAL OF THE PUBLIC SESSION MINUTES OF THE MEETING HELD ON APRIL 26, 2010.

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

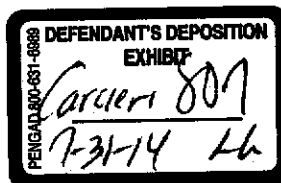
VOTED: To approve the public session minutes of the meeting held on April 26, 2010, as submitted to the Board of Directors.

Voting in favor of the foregoing: Mr. Singleton, Mr. Wadensten, Mr. Sullivan, Mr. Subramaniam, Ms. Snead, Mr. Nee, Mr. Choquette and Dr. Babineau.

Voting against the foregoing were: None.

3. EXECUTIVE DIRECTOR'S REPORT.

See Exhibit A for the Executive Director's Report.



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Executive Director Stokes reported that the RIEDC continues to work on the Regulatory Reform Package and is in the process of organizing an Office of Regulatory Reform pursuant to the Governor's Executive Order. That office will have a director who will coordinate Regulatory Reform efforts statewide and will also oversee an office that will have a small business ombudsman and a real estate project manager who will work with cities and towns on significant economic development matters.

Mr. Stokes commented that the Division of Tourism is hosting a forum on tourism coordination with over 150 Rhode Island tourism and hospitality professionals working toward defining Rhode Island's tourism product. Board Member Mr. Sullivan has been participating in this and indicated that Rhode Island has "a great product" but needs to identify individuals who will "drive" that product toward more regional and national attention. Currently, too many regional groups work without enough coordination and do not maximize the attraction opportunities.

Governor Carcieri noted that coordination of regional tourism groups and governance of regional tourism groups are different things and that in the past governance coordination has been tried but failed. Mr. Stokes acknowledged that this approach would be to build consensus among the regional groups.

Mr. Stokes introduced a document entitled "Board Notes" which will be a flyer to be sent to the Board periodically by the Corporation to keep the Corporation up to speed on current RIEDC activities. While the document will be a "public record" it is intended to be a quick dashboard or summary of Corporation activities to keep the Board well informed. Mr. Choquette commented that the Board needs to begin to work on directing the EDC on policy priorities. To that end, he requested that the Science and Technology Advisory Council (STAC) give a report to the RIEDC Board so that the Board can begin to integrate the policy priorities of STAC with the RIEDC. Governor Carcieri agreed with Mr. Choquette and stated that collaborative efforts such as STAC have been beneficial.

4. UPDATE ON IMMEDIATE PRIORITIES.

Mr. Stokes reported that it is likely that he will request the Board of Directors to create two to three committees to begin analyzing implementation policies and structures for economic development policies.

With respect to implementing the Immediate Priorities action items, he is currently working on a program to restructure the staffing of the RIEDC. Consistent with the Immediate Priorities of the RIEDC Board, he likely will create three senior positions including a Director of the Office of Policy and Research, the Director of the Office of Regulatory Reform (as previously mentioned) and a Director of Communications.

Mr. Stokes commented further that while the RIEDC cannot direct tax policy for the state, the RIEDC ought to be a significant advocate for tax reform. To that end, and consistent with the Board's Immediate Priorities, the RIEDC has been advocating for the adoption of comprehensive tax reform at the General Assembly. The Governor commented that he is working with the General Assembly on reducing the top marginal personal income tax rate from 9.9% to below 6%. The Governor would like to see the top rate reduced to as low as 5.5%, but certainly below 6%.

Mr. Stokes commented on the additional Immediate Priority of access to credit and capital. He noted that the General Assembly has reinstated the Industrial and Recreational Bonding Authority (IRBA) cap to \$60,000,000. Additionally, the General Assembly is considering creating a \$125,000,000 Job Creation Guaranty Program for the RIEDC. Finally, he has requested a federal earmark for \$5,000,000 to recapitalize the Small Business Loan Fund with increased flexibilities and guaranty options.

Mr. Stokes also commented that, with respect to the capital continuum, last Friday the RIEDC hosted approximately 50 private capital and equity program directors and professionals to discuss recapitalizing the Slater and other seed capital programs. Per Mr. Stokes, Deputy Director Michael Saul will further discuss that later in this meeting.

Ms. Snead inquired as to whether the access to capital includes small businesses which might not otherwise qualify for SBA funding, and how the RIEDC Small Business Funds coordinate and relate to the SBA programs. Mr. Stokes indicated that the RIEDC programs complement the SBA programs. Governor Carcieri indicated that the stimulus and recovery funding programs from the United States Government increased the SBA guaranties to 90% of the business loans, but that expires in 2010. The RIEDC, per Governor Carcieri, is trying to expand that capacity in Rhode Island.

With respect to the implementation of the Immediate Priorities, Governor Carcieri inquired of the Board as to their perception of the first 90 days of the reorganized Board and new Executive Director. There generally is consensus that the RIEDC appears to be reenergized and is moving in the correct direction. However, several Board Members, including Mr. Wadensten, Mr. Choquette and Ms. Snead indicated that RIEDC should continue to push for measurable and accomplished deliverables.

5. FOR APPROVAL OF PROJECT STATUS FOR ELECTRIC BOAT.

RIEDC Staff Member John Riendeau introduced Electric Boat Senior Vice President John Holmander as well as several members of his staff.

Governor Carcieri indicated that members of the RIEDC Board of Directors had the opportunity earlier in the day to visit the Electric Boat facilities and tour the area in which Electric Boat desires to expand its operations in Rhode Island.

Mr. Holmander explained to the Board that Electric Boat has been fortunate enough to win contracts to build Virginia Class Submarines for the United States Navy. In order to meet the efficiencies necessary to make the project economically viable for Electric Boat, the Company needs to expand its facilities to increase production of submarine components. He described the investment as improving Electric Boat's competitive position by increasing efficiencies and improving quality. The only way Electric Boat can make a profit on the Virginia Class Navy contracts is to drive down costs of production through efficiency and improving quality.

The expansion will entail a physical plant investment of approximately \$45,000,000 and the hiring of at least 450 new full-time and part-time employees during the first three years of the project.

Ms. Snead inquired as to the availability of jobs for Rhode Island residents. Governor Carcieri indicated that the Director of the Department of Labor and Training, Ms. Sandra Powell, who also was in attendance at the meeting, is working with Electric Boat on job training, employee identification and reeducation and training issues.

Upon inquiry, Mr. Holmader indicated that many of Electric Boat's employees are from all over the state, with a predominant concentration in Warwick, North Kingstown and East Greenwich.

Mr. Wadensten inquired as to the training techniques used by Electric Boat. Mr. Holmader indicated that Electric Boat training processes focus on three categories of skills: first, basic skills; second, equipment skills (which are taught at Electric Boat); and third, Electric Boat-specific skills, such as culture and teamwork.

Upon inquiry, Mr. Holmader stated that Electric Boat's safety rating is the best in the shipbuilding business.

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

VOTED: See text of vote at **Exhibit C.**

Voting in favor of the foregoing: Mr. Singleton, Mr. Wadensten, Mr. Sullivan, Mr. Subramaniam, Ms. Snead, Mr. Nee and Dr. Babineau.

Voting against the foregoing were: None.

Mr. Choquette recused himself from the matter.

6. FOR SUMMARY OF RIEDC CAPITAL PROGRAMS.

Executive Director Stokes indicated that at most Board Meetings, the Board will be educated on basic RIEDC programs by a Senior Staff Member. This meeting's module will be on the RIEDC's Financing Capital Programs and presented by Deputy Director J. Michael Saul.

Mr. Saul reviewed a deck of slides (**Exhibit D**) reviewing all of the RIEDC Capital Programs.

In general, Mr. Saul described the Capital Continuum from angel and seed investment, through growth, mezzanine and commercial capitalization.

Mr. Saul reviewed the RIEDC programs including the Small Business Loan Fund, the Industrial and Recreational Bonding Authority, the Rhode Island Industrial Facilities Corporation, the Renewable Energy Fund and the RIEDC Project Bonds. He summarized the proposed Job Creation Guaranty Program and the proposed recapitalization of seed programs.

Upon inquiry from Mr. Snead, inquiring about competition with Massachusetts and Connecticut programs, Mr. Saul and Governor Carcieri both indicated that the

RIEDC and Rhode Island could do better with guarantying and providing seed and growth debt.

7. NEW BUSINESS.

Mr. Wadensten indicated that North Carolina has been recruiting businesses in Rhode Island, New Jersey and Connecticut. Mr. Stokes indicated his awareness of the aggressive North Carolina activities in the northeast and will continue to monitor that with respect to Rhode Island companies.

Mr. Choquette inquired as to the status of the Race to the Top Application. Governor Carcieri indicated that the American Federation of Teachers in Rhode Island has been cooperative and the State continues to work with labor on improving its application. Governor Carcieri also indicated that all of the states have become more competitive in their applications, having had the opportunity to review each other's applications.

There being no further business to come before the Board, the meeting was adjourned at 6:30 p.m., upon motion made by Mr. Choquette and seconded by Mr. Nee.


Robert I. Stolzman, Secretary

EXECUTIVE DIRECTOR'S REPORT

RHODE ISLAND ECONOMIC DEVELOPMENT CORP. BOARD MEETING

May 2010

The following highlights RIEDC activities since the last board meeting on April 26, 2010.

Business Development

The RIEDC business development team has added several new projects to their active project list and is currently working on more than 65 active expansion or attraction projects which could create more than 3,000 jobs. Within the next six months, the team hopes to complete 15 projects now in the pipeline. Two of the projects are on today's agenda, Electric Boat and Ocean State Job Lot.

Hot Topics

- *Legislative Package Establishes Regulatory Reforms*
- *Implementation of Seven-Point Action Plan To Promote Economic Growth*
- *RIEDC's Keith Stokes and Claudia Cardozo Win SBA Awards*
- *STAC Meeting Emphasizes Federal Education Reform Funding, Science and Technology Standards*
- *RIEDC Hosts Equity Capital Roundtable*
- *Every Company Counts Helps Pawtucket Business Community*
- *Tourism Leaders Discuss Long Term Strategic Plan At Industry Roundtable*
- *Board Member Karl Wadensten Presents "Lean Manufacturing" Concepts to RIEDC Staff*

Happenings at RIEDC

Governor Carcieri, State Leaders Unveil Executive Order and Legislative Package Making It Easier To Do Business in Rhode Island

Governor Carcieri and General Assembly leaders joined the RIEDC and the Greater Providence Chamber of Commerce to unveil an Executive Order and package of legislation aimed at making it easy to do business in Rhode Island by cutting government red tape and removing barriers to the establishment and growth of small business.

RIEDC Board Unanimously Approves Action Plan to Promote Economic Growth

RIEDC Board of Directors unanimously voted to approve a plan that prioritizes the organization's efforts to effectively address the state's economic development needs. The plan is the result of ideas generated in two strategy sessions involving board members and senior RIEDC staff and incorporates recommendations made by the Governor's Economic Development Corporation Review Panel.

RIEDC's Keith Stokes/Claudia Cardozo Win SBA Awards

RIEDC Executive Director Keith Stokes is the recipient of the Rhode Island Small Business Administration (SBA) District Director Award. Small Business Account Executive Claudia Cardozo-Tarullo was named the Minority Small Business Champion of the Year.



RIEDC

Rhode Island Science and Technology (STAC) Advisors Focus on Education

Federal education reform funding and science and technology standards topped STAC's May 6 meeting agenda which also emphasized the vital link between education and workforce development in the state's growing innovation economy.

RIEDC Hosts Equity Capital Roundtable

Rhode Island business leaders met at RIEDC offices to discuss how to best improve access to capital and ensure the state offers a diverse portfolio of capital programs focused on inducing entrepreneurial activity, accelerating growth in existing businesses and serving as a catalyst to attract new businesses.

RIEDC's Every Company Counts Hosts Informational Forum for Pawtucket Businesses

RIEDC's small business initiative, Every Company Counts (ECC), along with other city, state and federal agencies, held an informational forum for Pawtucket business owners on how they can take advantage of available resources to help them move forward in the current economy.

Tourism Roundtable

RIEDC has initiated a long-range strategic planning process to help guide the tourism industry's efforts for the next five years. The tourism roundtable, held May 19-20 at the Johnson and Wales Culinary Arts Museum in Providence, was an opportunity for public and private industry leaders to generate ideas and discuss how best to grow the state's tourism economy.

VIBCO President Presents "Lean Manufacturing" Concepts to RIEDC

Karl Wadensten, RIEDC board member and President of VIBCO Vibrators, gave a presentation to agency staff about how the concept of "Lean manufacturing" turned his company around. He outlined how Lean manufacturing principles can be applied to the RIEDC's newly adopted roadmap to promote economic growth in Rhode Island.

Communications and Media

The Communications Department conducted extensive media and publicity outreach on behalf of multiple RIEDC departments and initiatives. RIEDC received significant print and broadcast coverage in local and statewide media outlets on topics including:

- Unveiling of Regulatory Reform legislation
- Board approval of 2010 Implementation Plan
- ECC Business Outreach Forum in Pawtucket
- ECC New Business Forum at RIEDC Offices
- Quonset Hotel Groundbreaking
- SBA Awards
- R.I. Tourism Strategic Plan Roundtable
- America's Cup

We continue to see great interest from the local dailies on Keith Stokes' state-wide Chamber of Commerce "listening tours" and other numerous speaking engagements.

The communications department has developed a bi-weekly e-newsletter specifically to provide RIEDC board members with updates on current activities and to keep them apprised of upcoming events.

Workforce Training

The RIEDC attended meetings and continues discussions on the following workforce development activities:

- **Electric Boat (EB)** – RIEDC and the R.I. Department of Labor and Training met with EB's HR staff to discuss recruiting and training plans for their upcoming round of new hires.
- **Rhode Island Manufacturing Extension Service (RIMES)** – RIEDC attended the quarterly RIMES board meeting as a board member.
- **U.S. Department of Labor (DOL)** – RIEDC attended a training conducted by U.S. DOL in Boston regarding federal grants for funding the agency is receiving for the advanced composites training program.
- **Newport Skills Alliance** – RIEDC met with representatives from the NSA to discuss the expansion of their program to East Providence and what industries to target.
- **Workforce Partnership of Greater R.I.** – RIEDC attended monthly board meeting of WPGGRI.
- **State Rehab Council (SRC)** – Attended annual meeting of the SRC to discuss how RIEDC can help people with disabilities find employment.
- **Providence Public Library (PPL)** – RIEDC met with PPL to discuss how the agency could better partner with the library to assist businesses.

Marine Trades

Marine activities include:

- **International Yacht Restoration School (IYRS)** – RIEDC met with IYRS in Newport to discuss the application to the U.S. Department of Labor for the funding of the advanced composites program.
- **Marine Trades Breakfast** – RIEDC participated in the R.I. Marine Trades Breakfast where employers learned about various training programs available to the industry.
- **America's Cup** – RIEDC continues to participate in all on-going America's Cup proposal committee meetings.
- **Mould-Cam** – RIEDC met with representatives of Mould-Cam, an Australian firm that manufactures tooling for the composites industry and is looking to expand their U.S. operations to either Bristol or Warren.
- **Oliver Hazard Perry** – RIEDC attended an event to benefit the sailing training vessel Oliver Hazard Perry in Newport.

Defense

The RIEDC Defense sector is participating in the following activities:

- Hosted several meetings with officials from Citizens Bank and TD Bank as they evaluate the Defense Sector for market opportunities.
- Participated at the monthly meeting of the Southeastern New England Defense Industry Alliance (SENEDIA). As Chair for the Educational Subcommittee, presented a summary of the committee's scholarship recommendations to the full board which approved all recommended winners.
- Hosted gubernatorial candidate Sen. Lincoln Chafee for a briefing on the R.I. Defense Industry.

- As Project Manager of UPSIDE (Office of Naval Research Funded), the team demonstrated its diver detection, classification and response system by participating in the U.S. Coast Guard-led project Vigilant Hope, a live exercise held May 3 – 6 at the R.I. Emergency Management Agency and National Guard headquarters in Cranston.
- Participated as a panel speaker at the Save The Bay and GrowSmart R.I. Port Forum held on April 26.
- Co-authored a white paper on a proposed conceptual American Recovery and Reinvestment Act project in conjunction with the University of Rhode Island's Center of Excellence in Undersea Technology and Ocean Engineering Department.
- Finalized the logistics for RIEDC's sponsorship and role in the 3rd Annual Ocean Tech Expo scheduled for May 25 – 27 at the Newport Yachting Center.
- Hosted a Ports Forum discussion with leading R.I. maritime businesses at the new home of Moran Shipping Agencies located on Francis Street in Providence.

Every Company Counts (ECC)

The ECC team received 56 new business contacts, conducted 43 follow-up meetings and 30 counseling sessions in marketing, finance, technology and business development. Thirteen workshops were held, one completely in Spanish.

The following seminars/expos were held and/or attended:

- **Small Business Informational Forum** – Held at the Hope Artiste Village in Pawtucket, the forum was organized by the ECC team. Keith Stokes made opening remarks, with Mayor Doyle and Mark Hayward from the R.I. SBA office in attendance.
- The forum was designed as an informational session for businesses in Pawtucket and co-hosted by the City of Pawtucket, the U.S. Small Business Administration and the R.I. Department of Labor and Training.
- **Greater Providence Chamber of Commerce Business Expo** – ECC sponsored a booth at the Expo which included the Economic Outlook Lunch and Hispanic Gala.
- **Early Childhood Education Conference** – ECC held a workshop for childcare center owners and staffed a booth at the show.
- **We Mean Business New Business Information Session** – In conjunction with the Department of Labor and Training and Department of Taxation, ECC sponsored a business information session for new business owners. The session was covered in the Providence Journal.
- **IRS Small Business Forum** – ECC presented to a mix of service providers and small businesses at this forum.
- **Annual Expo and Dinner for North Central Chamber of Commerce** – ECC attended this chamber event.

Tourism

Tourism reports on the following activities:

- **Ocean House Hotel, Watch Hill** – Ocean House opened on May 20. Hiring to date includes: 63 full-time staff, 30 seasonal, 23 part-time, 28 on call and 32 management positions. The majority of the staff is local and anticipated hiring will reach 190.
- **U. S. Travel Associations Annual International Pow Wow, Orlando, Florida** – RIEDC will be attending on behalf of the state of Rhode Island. The event is the travel industry's premier international marketplace and will bring together more than 5,000 delegates from every region of the U.S. and more than 70 countries. More than 90 one-

on-one appointments are conducted with 'buyers' from key markets that sell Rhode Island product.

- **Tourism Roundtable**

RIEDC has initiated a long-range strategic planning process to help guide the tourism industry's efforts for the next five years. The tourism roundtable, held May 19-20 at the Johnson and Wales Culinary Arts Museum in Providence, was an opportunity for public and private industry leaders to generate ideas and discuss how best to grow the state's tourism economy.

- **Tourism Unity Luncheon** -Representatives from each of the state's tourism regions presented awards to individuals and organizations for their exceptional impact on the industry at the 25th Anniversary Tourism Unity Luncheon and Travel Exchange. Governor Carcieri acknowledged the honorees for helping to make Rhode Island a diverse and highly attractive destination for tourists from around the world.

Manufacturing

- **Arkwright** - RIEDC met with company CEO. Headquartered in Fiskeville, Rhode Island, Arkwright is a Diatec company comprised of six global manufacturing facilities, two U.S. distribution facilities, three European service companies and thirteen worldwide strategic trading companies. Arkwright continues to manufacture high quality imaging media and has plans to expand operations in R.I. .
- RIEDC continues to work with expanding companies in the advanced manufacturing sector by helping them to access agency programs and services.

Financial Services

- RIEDC met with TD Bank's Senior Rhode Island Executives. TD Bank is making a major push in R.I. and looking to increase their commercial portfolio. They plan to open their first branch later in 2010.
- RIEDC met with URI's College of Business to discuss possible events (such as a symposium or roundtable) for the sector. Key goals for such events include: 1) continue to increase the awareness and importance of the financial services sector by state policy makers as a major driver of Rhode Island's economy and 2) Rhode Island needs to be nationally recognized by the financial services industry as a great place to do business, with an established workforce and a robust infrastructure.
- **Linear Title** - RIEDC met with CEO. Linear Title in Middletown continues its' strong growth and currently has 72 employees in the U.S. and 30 outsourced jobs in India. A large internet lender based in Atlanta is making an investment in Linear. This transaction will provide Linear with a new base of business and additional working capital. Linear is opening front end offices in Texas and California. All processing will be performed in their Middletown processing center.

Procurement and Technical Services (PTAC)

PTAC reports the following activities: They provided services for three new clients, conducted 28 counseling sessions and two training sessions and currently have 489 active clients.

PTAC attended the following: local Chamber of Commerce outreach meetings with Keith Stokes, the Department of Defense Northeast Regional Council meeting, Naval Undersea Warfare Center Small Business Roundtable and the National Contract Management Association State Chapter Board Meeting.

Renewable Energy Fund (REF)

The REF team is completing its revised plan based on the projected \$1 million loss of funding from the General Assembly budget appropriation. We have been meeting with and underwriting applicants in the pipeline. REF staff anticipates completing recommendations for an upcoming round of projects. Current pipeline totals \$8 million in requests, representing \$24 million in total development costs. We have been meeting with all funded applicants as part of award monitoring. REF expects to submit its Second Phase U.S. Department of Energy loan guarantee submission by the end of the month.

Information and Digital Media

The Broadband Rhode Island Initiative (BBRI) continues to make progress. As of May 18, 1,185 "speed tests" were recorded on the new BBRI website broadband.ri.gov. RIEDC is trying to record a few hundred additional tests prior to the end of Phase 1 of the project. Results of the speed tests will help verify broadband information we are receiving from providers. The due date is May 28 for Phase 1 data to be submitted to the National Telecommunications and Information Administration (NTIA). The technical team is working hard to prepare the data for submission on schedule.

A broadband coverage map will be posted on our website as soon as it is available. RIEDC expects to do a larger outreach to announce the availability of the new data including a full update and expansion of the website. Phase 2 planning has started and will provide an opportunity to explore issues around adoption rate, usage and other matters germane to broadband in the state.

Rhode Island Science and Technology Advisory Council (STAC)

STAC activities that include:

- **STAC Meeting, May 6** - STAC's meeting focused on the critical importance of a strong science and math K-12 education curriculum to developing a STEM-literate workforce. The meeting agenda featured an "Update on Rhode Island's 'Race to the Top' Application for Federal Education Reform Funding" with Deborah A. Gist, Commissioner of the Rhode Island Department of Education (RIDE) and the "Development and Impact of National Standards on Science, Technology, Engineering and Mathematics (STEM) Education" with Dr. Jean Slattery, Senior Associate for Science at Achieve, Inc., Washington, D.C.

As a follow-up to discussions with Commissioner Gist, Christine Smith has been appointed to the statewide Science Education Leadership Council to insure STAC participation in this area. STAC was a member of the Race to the Top Steering Committee and provided a letter of support for the resubmitted application. STAC has pledged to work with RIDE to assist the department in the development of STEM curriculum that makes science and math relevant to students.

- **Grow Smart Summit Workshop, May 14** - The workshop, entitled, *The Ocean State: Leveraging our Greatest Natural Asset for Economic Growth*, focused on our concentration of world-class public and private marine assets are working together to position Rhode Island as a leader in meeting our society's most pressing issues from development of renewable energy sources to homeland security, coastal resource management and climate change. Speakers were: David Farmer, Dean, Graduate School of Oceanography, URI and STAC Co-Chair, Grover Fugate, Executive Director, RI

Coastal Resources Management Council, Paul Rich, Chief Development Officer,
Deepwater Wind Rhode Island and James Miller, Chair, Ocean Engineering, URI

Export and International Trade

Export and trade report the following activities:

- **Export Development Series** – RIEDC recently completed a four-part series of training for new-to-export and new-to-market companies with 92 attendees.
- **Export training grants** – The following companies completed export management training grants: Wolverine – for export compliance, Sperian – for customs training and Electro-Standards – for export controls. The following companies have export management training grants in progress for EU Standards: Mearthane, Emissive Energy, McLellan Page
- **Market Entry** – Verve Corp. completed an individual market entry and training program for the United Kingdom
- **Trade Shows** – RIEDC is beginning to recruit local companies for Medica 2010 in Dusseldorf, Germany. Medica is the world's largest medical device trade show.

RIEDC attended a presentation by Israeli companies in the Defense and Homeland Security industry in Boston, participated in the recent Providence Expo and is part of the World Trade Day planning committee.

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RIEDC

Rhode Island
Economic Development Corporation

MAJOR HEADLINES

RIEDC Hosts Equity Capital Roundtable

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Related Coverage: [RI to hire outside consultants to formulate tourism campaign](#)

Rhode Island Science and Technology (STAC) Advisory Council Focus on Education

In May, STAC's hosted a highly anticipated meeting which discussed the vital link between education and workforce development in the state's growing innovation economy. Governor Carcieri, Education Commissioner Deborah Gist and others took part in discussions.

Keith Stokes, Claudia Cardozo-Tarullo Recipients of 2010 Small Business Awards

Two RIEDC Staff members were among the eight 2010 Rhode Island small business award winners announced by the U.S. Small Business Administration (SBA). Executive Director Keith Stokes was the recipient of the Rhode Island SBA District Director Award and Small Business Account Executive Claudia Cardozo-Tarullo was named the Minority Small Business Champion of the Year.

Related Coverage: [RI SBA names 2010 Award Winners](#)

Electric Boat (EB) Receives Project Status

EB was recently granted Project Status (PS) by the RIEDC. PS firms are exempt from RI sales tax on construction materials and equipment, furniture, fixtures, machinery, computers and equipment that are not already exempt from sales tax under other provisions of state law. To be considered, a project must result in a firm's wages exceeding the median annual wage by 5% for full-time jobs and gain approval by the RIEDC. EB's proposed \$55 million project includes the expansion of facilities to increase production of submarine components, will improve the competitive position of its facility by increasing efficiency and improving product quality.

RIEDCTO



HOT TOPICS

Governor, RIEDC, State Leaders Unveil Executive Order and Legislative Package Making It Easier to do Business in Rhode Island (Providence Business News) [LINK](#)

The RIEDC, Governor Carderi recently joined State Leaders Teresa Paiva and the Greater Providence Chamber of Commerce to unveil an Executive Order and package of legislation aimed at making it easy to do business in RI by cutting government 'red tape' and removing barriers to the establishment and growth of small business.

Bill Seeks to Ease Path for Wind Power (The Providence Journal) [LINK](#)
State lawmakers are attempting to breathe new life into a stalled proposal for an eight-turbine wind farm in waters off Block Island through legislation that would allow the project to bypass a difficult regulatory hurdle.

America's Cup Is Still San Francisco's to Lose (Wall Street Journal) [LINK](#)
Governor Carderi in February appointed a committee tasked with bringing the America's Cup to Newport, where the regatta was held regularly until 1983. The committee has met a dozen times and has lined up land for the teams to use and is currently and is fully participating in all proposals to bring the cup back to Newport.

EDC Head Says Knowledge Economy Key to Recovery (South County Independent) [LINK](#)

In a recent speech to the Chamber of Commerce members from South Kingstown, Narragansett and Charlestown, RIEDC Executive Director Keith Stokes cited the state budget deficit as the the biggest impediment to economic success.

UPCOMING EVENTS

Salty Brine State Beach Bath House & Wind Turbine Ribbon Cutting Ceremony

Department of Environmental Management Director W. Michael Sullivan, Ph.D., along with Governor Donald Carderi, Senator Jack Reed, and Congressman Jim Langevin participated in a ribbon-cutting ceremony for the new handicap-accessible, energy efficient bath house and wind turbine at the Salty Brine State Beach in Narragansett.

May 24th, Salty Brine State Beach, Narragansett, RI

America's Cup Tour Coming to Newport

The America's Cup trophy will be visiting Rhode Island with the BMW Oracle Racing Team, the defending cup champions, for a daylong cameo following a visit to the White House.

July 1, Newport

Related Coverage: America's Cup trophy to make Ocean State stop

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**RESOLUTIONS OF THE BOARD OF DIRECTORS OF
THE RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

May 24, 2010

(With Respect to Electric Boat 2010 Project)

VOTED: That the Rhode Island Economic Development Corporation (the "Corporation"), acting by and through its Chairman, Executive Director, any Deputy Director, Secretary or Director of Accounting, each of them acting singularly and alone (the "Authorized Officers") are hereby authorized to enter into agreements with respect to the expansion of the defense manufacturing complex at Quonset (the "Project") by Electric Boat (the "Company") in accordance with the terms and conditions presented to the Board of Directors this date.

VOTED: The Corporation, acting by and through its Authorized Officers, hereby is authorized to enter into, execute, deliver and perform certain agreements including but not limited to development agreements, leases, and subleases and any amendments or restatements thereto as deemed necessary and appropriate by said Authorized Officers with the Company and its affiliates in order to implement the Project.

VOTED: That with respect to the Project the Corporation hereby makes, acknowledges, determines and finds that:

1. The acquisition, construction and operation of the Project will prevent, eliminate, reduce unemployment in the State of Rhode Island and will generally benefit the economic development of the State of Rhode Island;
2. Adequate provision has been made or will be made for the payment of the cost of the acquisition, operation and maintenance and upkeep of the Project;
3. With respect to real property forming a portion of the Project, the plans assure adequate light, air, sanitation and fire protection;
4. The provisions of Chapter 46-23 of the General Laws of Rhode Island, 1956, as amended, are not applicable;
5. The Project is in conformity with the applicable provisions of the State guide plan.
6. In accordance with the provisions of R.I.G.L. §42-64-20(c) and (d), the Corporation determines and confirms that the Project shall be exempt from taxation, and the Company shall be entitled to a reimbursement of sales taxes paid, to the same extent as if legal title to such portions of the Project which are not owned or held in the name of the Corporation were in fact owned or held in such manner and such exemption from taxation shall be for a term not to



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exceed six (6) months after the Project receives a certificate of occupancy and commencing upon a date to be determined by an Authorized Officer; and

7. All such findings, determinations, acknowledgments and positions of the Corporation with respect to the Project are based upon and made in order to reduce potential liability or cost to the Corporation and to benefit the people of the State of Rhode Island.

VOTED: That the Corporation is authorized and empowered to prepare and publicly release an analysis of the impact the Project may have on the Rhode Island economy and fiscal impact in accordance with R.I.G.L. §42-64-10, a draft of which is attached hereto.

VOTED: That the Project documents authorized hereby are necessary, desirable and in the best interest of the Corporation with respect to the furtherance of the Project, and, as such, each of the Authorized Officers is hereby directed, authorized, empowered to arrange for, secure, prepare or cause to be prepared, execute, perform and deliver in the name and on behalf of the Corporation the Project documents and/or all related and ancillary agreements and documents in connection with the Project including but not limited to any and all deeds, leases, agreements, transfer agreements, assumption agreements, promissory notes, trusts, indentures, financing statements, assignments of leases and rents, declarations, modifications, renewals, variations thereof, deeds, easements, licenses, all upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing the use of the same shall determine to be necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That with respect to the Project and the Project documents, any and all actions taken by the Corporation in furtherance of such Project and Project documents, taken at any time prior to the effective date hereof, such actions be and they hereby are, authorized, ratified, confirmed and approved.

VOTED: In connection with any and/or all of the above resolutions, the taking of any action, the execution and delivery of any instrument, document or agreement by any of the Authorized Officers, or the execution and delivery of any statement by the Chairman or Vice Chairman of the Corporation in connection with the implementation of the Project and the Project documents, or the implementation of any or all of the foregoing resolutions shall be conclusive of such Authorized Officer's or Chairman's or Vice Chairman's determination that the same was necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That the Authorized Officers of the Corporation be, and each of them hereby is, authorized, empowered, and directed in the name and on behalf of the Corporation, each of them acting singularly and alone, to take or cause to be taken all such actions, pay such fees and expenses, and sign, execute, verify, acknowledge, certify to, file and deliver all such instruments, documents and agreements as such Authorized Officers, each of them acting singularly and

alone, taking or causing such action to be taken determines to be necessary, desirable and appropriate and in the best interest of the Corporation in order to comply with and otherwise affect the intent of the foregoing resolutions.

VOTED: That the Secretary of the Corporation is hereby authorized, empowered and directed to attest to the execution and delivery of any agreement, document or other instrument contemplated by any of the foregoing resolutions or as directed by either or all of the Authorized Officers.

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**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
ECONOMIC IMPACT ANALYSIS OF ELECTRIC BOAT PROJECT
PURSUANT TO R.I.G.L. § 42-64-10(a)(2)**

As required by §42-64-10(a)(2) of the Rhode Island General Laws, the Rhode Island Economic Development Corporation ("EDC") has prepared the following economic impact analysis of the Electric Boat project ("Project").

Firms which are using bond financing programs offered through the Rhode Island Economic Development Corporation (RIEDC) or which are given "Project Status" by the RIEDC are exempt from Rhode Island sales tax on construction materials and equipment, furniture, fixtures, machinery, computers and equipment for the facility that are not already exempt from sales tax under other provisions of the state law, e.g.: pollution control equipment. To be considered for project status, a project must result in firm's wages exceeding the median annual wage by 5% (105% of median annual wage) for full-time jobs (minimum of 30 hours per week) and gain approval by the RIEDC.

Electric Boat (ELECTRIC BOAT) project includes the expansion of facilities to increase production of submarine components. This investment will improve the competitive position of Electric Boat's facility in Rhode Island by increasing efficiency and improving the quality of its products. The proposed investment of approximately \$55 million is for the expansion of an existing building, the construction of a new building, and the purchase of manufacturing equipment.

Summary of Project Costs:

Construction	\$30,000,000
Equipment	\$15,000,000

Total Project	\$ 45,000,000
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At least 450 new full and part time jobs will be added during the first 3 years of project. All of the new jobs are over the legal threshold of 105% of median annual wage as per RI statute (median wage for 2009 was \$34,944 and 105% is \$36,991, according to the Rhode Island Department of Labor and Training OES survey), therefore state income tax from those qualified jobs is included in the benefit portion of this analysis.

It is estimated that the 450 qualified direct full time jobs will result in \$1,146,021 in income tax revenue to the state over the first three years of operation.

The company has requested sales tax abatement as a project of the RIEDC that is capped at the estimated personal state income tax revenue of \$1,146,021.

	RI Income Tax Amount
Year 1	\$ 191,003
Year 2	\$ 382,007
Year 3	\$ 573,010
Company's State Sales Tax Abatement Cap	\$ 1,146,021

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Year 1

Job Description	Number of Full Time Employees	Annual Wages	Total Wages	Ded&Ex Single	Ded&Ex Married	RI Tax Liability
Supervisors	10	\$ 60,008	\$ 600,080	\$ 9,350	\$ 18,700	\$ 19,959
Experienced Structural Trades	35	\$ 52,000	\$ 1,820,000	\$ 9,350	\$ 18,700	\$ 54,790
Experienced Installation Trades	35	\$ 52,000	\$ 1,820,000	\$ 9,350	\$ 18,700	\$ 54,790
Apprentice Structural Trades	35	\$ 37,440	\$ 1,310,400	\$ 9,350	\$ 18,700	\$ 30,732
Apprentice Structural Trades	35	\$ 37,440	\$ 1,310,400	\$ 9,350	\$ 18,700	\$ 30,732
# jobs over 105% median wage	150					\$ 191,003
Total # FT jobs added Year 1	150					

Year 2

Job Description	Number of Full Time Employees	Annual Wages	Total Wages	Sing Ded&Ex	Marr Ded&Ex	RI Tax Liability
Supervisors	10	\$ 60,008	\$ 600,080	\$ 9,350	\$ 18,700	\$ 19,959
Experienced Structural Trades	35	\$ 52,000	\$ 1,820,000	\$ 9,350	\$ 18,700	\$ 54,790
Experienced Installation Trades	35	\$ 52,000	\$ 1,820,000	\$ 9,350	\$ 18,700	\$ 54,790
Apprentice Structural Trades	35	\$ 37,440	\$ 1,310,400	\$ 9,350	\$ 18,700	\$ 30,732
Apprentice Structural Trades	35	\$ 37,440	\$ 1,310,400	\$ 9,350	\$ 18,700	\$ 30,732
# jobs over 105% median wage	150					\$ 191,003
Total # FT jobs added Year 2	150					

Year 3

Job Description	Number of Full Time Employees	Annual Wages	Total Wages	Sing Ded&Ex	Marr Ded&Ex	RI Tax Liability
Supervisors	10	\$ 60,008	\$ 600,080	\$ 9,350	\$ 18,700	\$ 19,959
Experienced Structural Trades	35	\$ 52,000	\$ 1,820,000	\$ 9,350	\$ 18,700	\$ 54,790
Experienced Installation Trades	35	\$ 52,000	\$ 1,820,000	\$ 9,350	\$ 18,700	\$ 54,790
Apprentice Structural Trades	35	\$ 37,440	\$ 1,310,400	\$ 9,350	\$ 18,700	\$ 30,732
Apprentice Structural Trades	35	\$ 37,440	\$ 1,310,400	\$ 9,350	\$ 18,700	\$ 30,732
# jobs over 105% median wage	150					\$ 191,003
Total # FT jobs added Year 3	150					

ELECTRIC BOAT is committed to continually seeking talented individuals to join the company.

ASSUMPTIONS AND METHODS

Rhode Island Personal Income Tax

Direct jobs: Half employees are assumed married, half single, taking the standard deductions.

Statutory Summary

- (i) This project will result in the addition of 450 full-time jobs, all of which fit legal requirement of paying wages that are over 105% of State Median Wage.
- (ii) State personal income tax revenue from the 450 direct qualified jobs is estimated at \$191,003 in year 1, \$382,007 in year 2 and \$573,010 in year 3. The revenue estimates from direct jobs will serve as a cap for the sales tax abatement, further without this project, the expenditures being exempted from sales tax

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would not take place. The State will not lose any sales tax revenue currently being collected as a result of this project.

- (iii) Financial exposure of the taxpayers of the state under the plans for the proposed project and negative foreseeable contingencies that may arise there from: none.
- (iv) The project will add approximately 450 direct jobs.
- (v) The jobs identified will draw workforce from the Southern New England region.
- (vi) Construction will take place during the first 12 months of the project.
- (vii) Wage rates for the direct jobs range from \$37,440 to \$60,008 with a projected mean wage of \$45,739
- (viii) Electric Boat employment will include the following major benefits:
 - A. Company paid Health insurance
 - B. Dental Insurance
 - C. 401K
 - D. Accidental Life insurance
 - E. Milestone service award
 - F. Dependent care flexible spending accounts
- (ix) It is projected that this project will result in personal income taxes of \$1,146,021 from the direct jobs over the first three years of the project.
- (x) Electric Boat project has indicated a desire to hire from within the community and will make efforts including but not limited to: job recruitments in Rhode Island, listing all job openings with the Rhode Island Department of Labor and Training, and outreach efforts to ensure all qualified Rhode Island residents are aware of job openings.
- (xi) Over the 12-month life of the project, Electric Boat will employ people from Rhode Island. Upon completion of construction, the project will generate over 450 new jobs

RIEDC

Rhode Island
Economic Development Corporation

Building the 21st Century Innovation Economy

RIEDC Finance Programs

J. Michael Saul

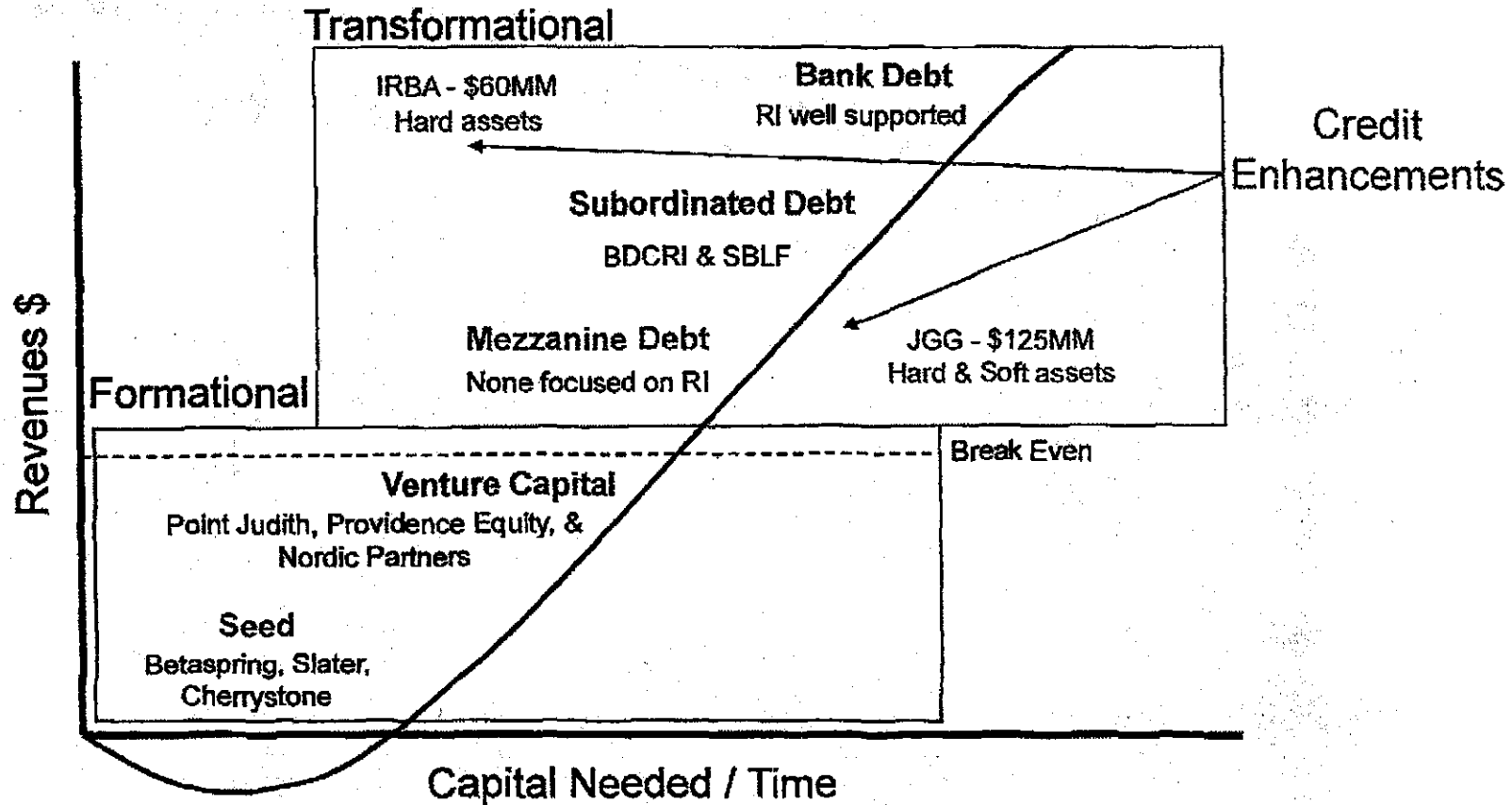
May 24th, 2010

RIEDC Board Meeting

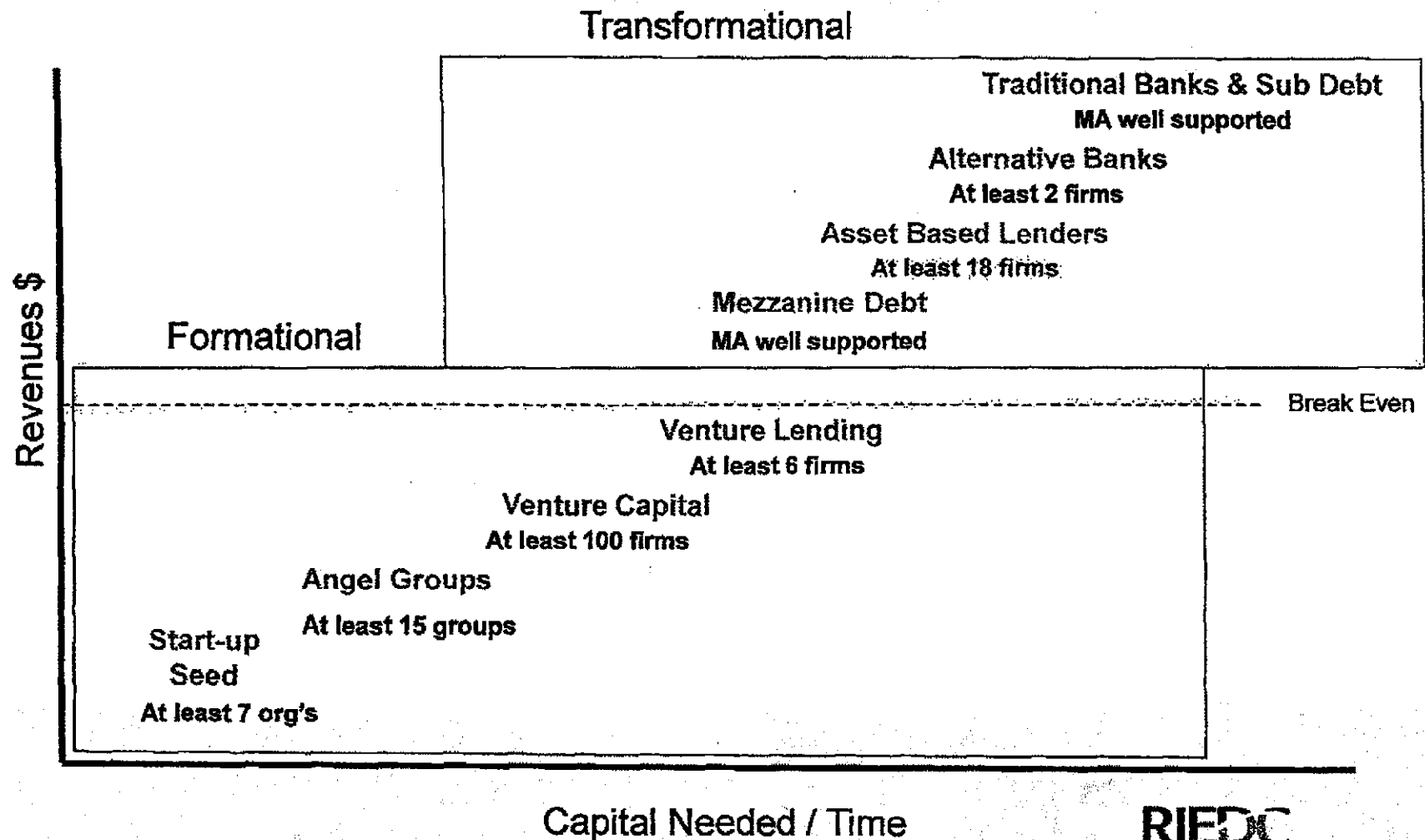
RIEDC TO



Rhode Island's Capital Continuum



Massachusetts' Capital Continuum



Small Business Loan Fund (SBLF)

• History

- Established in 1986
- Funded by a series of five grants from the US Economic Development Administration, last funded in 1996.
- Currently the \$12 million fund has a \$9.2 million portfolio

• Key Policies

- Job creation requirement (\$30k in lending per job created)
- Borrowers must first be declined by a bank or SBLF participation must be requested by a lender
- New money - no refinancing regardless of circumstance
- Personal Guarantees required
- Collateral required - no ownership position nor warrants allowed.

• Governance & Underwriting

- All applications are underwritten by staff of four with experience ranging from 15-30+ years.
- All approvals by a board appointed by the EDC Board.
- Funding is entirely from US-EDA
- Semi-annual reporting to US-EDA for grant compliance

• Economic Impacts

- Since 1986, SBLF Funding has created almost 3,000 jobs and retained 6,000 jobs in RI
- Wide varieties of industries from manufacturing to printing to software
- Loans have been made in every city and town with the exception of Little Compton and New Shoreham. We are currently in discussions with a company in Little Compton regarding financing.

• Financial Results

- Fund has turned over 4.3x with over \$52 million lent to over 590 companies
- Leveraged over \$200 million in private sector lending and investment.
- \$8.0 million losses in 25 years - \$2.0 million during current economic downturn. Losses due to economic factors as well as a few larger loans that went bad. Over its 25 year history, SBLFC has had no loss of principal from the original grants.
- Since January 2009, SBLFC has funded 15 loans totaling over \$3.3 million. There are currently \$1.3 million in new loan commitments outstanding. These loans should close within the next 45 days.
- Top Loans:
 - Andara, Inc. - 6 employees when first funded, over 70 today
 - Calise & Sons Bakery - 180 employees when funded - 238 today and expanding to 280 by year end
 - SENESCO - helped finance startup with 4 employees - now over 220.

Industrial Revenue Bond Authority (IRBA)

- **History**
 - Established by legislature in 1956 to provide loan and bond guarantees for manufacturing facilities and equipment. Later expanded to include recreational facilities.
 - Full faith and credit of the State of RI
 - Maximum authority currently \$60 million
 - Served over 150 companies
- **Key Policies**
 - Hard asset guarantee
 - up to 90% of the cost of real estate acquisition or construction
 - up to 80% of cost of equipment
 - Payment guarantee - holder of debt cannot accelerate
 - First position on assets required
 - Fees/Premiums of 1-3% of outstanding balance maintained in reserve fund
- **Governance**
 - Governed by an Independent board that is appointed by the Governor and confirmed by Senate
 - Semi-annual reporting to General Assembly leadership on Portfolio & Pipeline
- **Economic Impacts**
 - Statute does not specifically require jobs creation, however spirit of the program is job creation
 - Companies assisted by the program currently employ over 25,000 Rhode Islanders
 - Wide variety of industries financed - from manufacturing to Biotech and everything in between
 - Historic activity follows the economic cycle with activity increasing as economy comes out of a recession.
 - 3 deals approved during current recession - Capco Steel (100 new jobs); Sustainable Plastics Recycling (40 new jobs); and Neurotech (XXX jobs)
 - Most cities and towns represented - financed buildings in every industrial park in RI.
- **Financial Results**
 - Over 150 companies have obtained more than \$139 million in financing through this program
 - Current outstanding of approx \$14MM with \$10MM committed
 - Losses of only \$3.7 million over 50+ year history. Losses have been fully funded out of reserves at NO COST to RI taxpayers.
 - Over \$3.8 million in cash reserves currently - 25%+ reserve ratio. If program fully committed in next 12 months, reserves not less than 7% of portfolio balance.
 - Companies benefited include:
 - Amtrol
 - Hasbro
 - Raytheon
 - Polytop
 - CVS/Caremark
 - Vibco

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Rhode Island
Economic Development Corporation

RIEDC Conduit Finance Programs

- Conduit Financing = No Credit Risk to State
- Rhode Island Industrial Finance Corporation (RIIFC)
 - Issuer of Industrial Revenue Bonds
 - Taxable – long term financing for large, non-manufacturing projects
 - Tax-Exempt – low cost, long term financing for manufacturing companies
- ARRA Recovery Zone Facility Bonds
 - Issued through RIIFC
 - \$130 million in allocation for tax-exempt financing for projects that would normally not qualify for tax exempt financing
 - Distribution Centers, Hotels, Retail/Commercial (non-residential) Development, etc.
 - Ignores the current IRS cap on tax-exempt financing.
 - Must finance depreciable assets.
 - Pipeline already to \$110+ million with 1,000+ new jobs
 - Includes \$12MM for attraction opportunity (165 new jobs)
- EDC Bonds
 - Issuer of Industrial Revenue Bonds for non-profit and government projects
 - Issuer of bonds for I195 relocation
 - Issuer of bonds for RIAC

RIEDC

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Renewable Energy Fund (REF)

• History

- Funded by system benefit charge through National Grid
- Transferred from Governor's Office of Energy Resources in 2008, average annual funding: \$2.5MM

• Key Policies

- REF funds grants, recoverable grants and low interest loans projects that produce and support renewable energy using the following technologies:

Solar	Wind	Wave	Small Hydro
Biomass	Fuel Cell	Waste to Energy	Solar Thermal
- Approvals: Projects under \$50,000 require approval of EDC Executive Director. Projects over \$50,000 require EDC Board approval.
- Unused funds carry over to following year and can be applied at EDC discretion

Sublimits:	Total Funds Available	Max Per Project
- Municipal	50% of Fund	\$500,000
- Affordable Housing	\$200,000	\$100,000
- Technical/Feasibility	\$200,000	N/A
- Commercial	Balance	\$750,000

• Economic Impacts: 2009

- Funded 31 projects totaling over \$3MM in awards and supporting over \$10MM in total development
- Funded \$3.2MM provided to SAMP - supporting the Nations 1st off-shore wind farm
- Funded "Green Economy Roundtable" and RI's Green Economy Roadmap
- Funded RI Business Plan Competition "Green Economy" track

• Financial Results: 2009

- REF has historically only provided grants to projects. Under the EDC, the REF underwrites each deal with the goal of providing efficient and effective project finance, that also creates a sustainable fund:
- Select Highlighted Projects:

- East Bay Energy Consortium:	\$100,000:	9 cities/towns collaborating on multi-municipal wind
- Church Community Housing:	\$100,000:	660KW wind turbine as part of a \$20MM development
- Hodges Badge:	\$225,000:	225KW wind turbine to provide power to RI manufacturer
- Bio-Detek :	\$180,000:	Loan to support 177KW solar on Pawtucket manufacturer
- Town of Portsmouth	\$XXXXXX	Loan to support construction of wind turbine

RIEDC

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Economic Development Corporation

RIEDC Finance Programs: Next Steps

1. Passage of \$125MM Job Creation Guarantee Program
2. \$5.0 million request for Federal appropriation to supplement SBLF
3. RIEDC to continue lead role in National Association of Development Organizations' effort to modernize the \$800MM EDA Revolving Loan Fund Program
4. Restore IRBA authority from \$60MM to \$80MM Statutory Limit

Moving Forward

• Equity Roundtable

- Creation of equity capital strategic roadmap to address gaps in capital continuum & capital for new business starts
- \$3.5MM not enough
- Lost follow-on opportunities (ask Rich)
- Positives of Slater story and how it was diminished
- Incorporate ideas from Roundtable discussion

• Better integrate & align government programs around the capital continuum

• Continue to expand programs on a self-sustaining basis

• Develop a metric to assure the highest total state return with a moderate ROI for state sponsored equity and debt products

• New Job Creation Guarantee Program

- Proposed Moral Obligation guarantee authority of up to \$125 million to support companies creating significant jobs in Rhode Island.
- Geared towards soft asset, high growth companies Governance of integrated capital continuum
- Committee
- Strong awareness of entrepreneurial businesses in RI

• Tie-in for incentives

- Innovation Tax Credits

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Common ROI Reporting

- RIEDC will seek to implement a common ROI reporting framework for all finance programs
- $ROI = \text{Finance Fees} + \text{direct income tax revenue return from jobs created} + \text{profit on investments}$
- ROI will incorporate Net Present Value analysis on investments and measure these against anticipated returns (ex. 10%+ and 15%+)

Tying the Continuum Together: Reorganizing RIEDC's Finance Function

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