

Rhode Island Industrial-Recreational Building Authority

Semi-Annual Report

Due: October 1, 2014

For: January 2014-June 2014

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I. OVERVIEW

a) Performance and Accomplishments

- Rhode Island Commerce Corporation offers mortgage insurance (credit enhancement) through the Rhode Island Industrial-Recreational Building Authority (IRBA). The intent of the program is to fill the statewide need for industrial buildings and the expansion, rehabilitation, renovation, and reconstruction of existing industrial buildings. Additionally, there was a need for updated machinery and equipment to provide gainful employment by the people of Rhode Island, thus insuring the preservation and betterment of the economy of the state. The Rhode Island Building Authority was created to encourage the making of mortgage loans for the purpose of industrial expansion in the state.
- Since its inception in 1956, IRBA has proven itself to be a valuable economic development tool. Over 150 firms have benefited from the program. Approximately \$140 million in guarantees have been issued which has resulted in the creation or retention of 25,000 jobs. Some of the companies which have taken advantage of this program are; Raytheon, Polytop, Hasbro, and CVS. These companies have grown to become Rhode Island's top employers. The IRBA guarantee was a key component of the success of these companies and provided funding for expansion at a time in their life cycle when other avenues were unavailable to them. Despite some signs of recovery in the economy, capital markets remain tight, restricting the ability of credit worthy companies with expansion needs to access capital.

b) Short comings and remedies

- Program challenges include (1) any changes to the program require voter approval; (2) only real estate and machinery & equipment are assets eligible for credit enhancement; (3) the credit enhancement is capped at \$5 million; (4) requires a 1st position be held on real estate.
- The 2010 legislation increasing the fund from \$20 million to \$60 million provides a useful tool for job creation.

c) Anticipated Activities

- The IRBA program is vital during tough economic times when lending institutions have tightened. Credit enhancement programs like IRBA get capital flowing to businesses. It is anticipated that IRBA will receive several applications over the next six months. Of these, an estimated three-five applicants could be approved, for an estimated total of \$12-\$18 million in additional business for the program.

II. PROJECT REVIEW AND PERFORMANCE

a) Summary of approved projects

Bonds issued by RIIFC and insured by RIIRBA

Existing Portfolio as of June 30, 2014

Obligor	Original Guarantee Amount	Exposure at 6/30/14	Original Estimated Jobs	Series Year	Comments
Cyto Therapeutics, Inc.	\$2,215,000	\$215,000	80	1994 (A&B)	Moved to CA
New England Expedition/Eagle Square Common	\$4,445,000	\$3,440,000	500	2003	
New England Expedition/Eagle Square Common	\$675,000	\$557,113	500	2008	
Neurotech Pharmaceuticals	\$4,000,000	\$1,916,161	50	2009	
CAPCO Steel	\$5,000,000	\$4,142,802	425	2010	Default
Ener-Tek International, Inc. /Yardney Technical Products, Inc.	\$5,000,000	\$4,659,419	150	2010	Jobs subject to completion of building

*These figures are based on the confirmed audit balances at fiscal year end (6/30)

Approved - Not Yet Closed

Obligor	Original Guarantee Amount	Estimated Jobs Created	Date Approved	Expiration of Commitment
Ashaway Pines, LLC	\$2,200,000	14	9/27/2013	12/31/2014

Attached please find a brief summary of each project (Exhibit I)

b) Consolidated financial statement of all funds received and expended including the source of funds.

- See Attached Budget (Exhibit II) and Income Statement (Exhibit III)

III. ADMINISTRATIVE MATTERS

a) Meetings Held

- February 28, 2014
- April 25, 2014
- June 27, 2014

b) Public Session Meeting Minutes

- Minutes for each meeting attached (Exhibit IV) addressing: subjects discussed, decisions rendered, rules and regulations promulgated, studies conducted, policies and plans developed, approved or modified, and programs administered or initiated.

c) Hearings Held

- None

d) Synopsis of hearings, complaints, suspensions, or other legal matters related to the Authority

- The Authority filed suit against Capco Steel, LLC and related entities relating to suspected fraudulent representation by its accounting firm and principals of the financial condition of the company at the time the IRBA Bond was issued. This litigation is anticipated to be ongoing for the next year.

e) Summary of any training courses held for Board Members

- N/A

Exhibit I

CytoTherapeutics

Lincoln Associates, LLC requested RIRBA and RIIFC approval for the construction of a facility in Lincoln, which Lincoln Associates will lease to CytoTherapeutics, Inc. Under this scenario, Lincoln Associates is the Lessee, and CytoTherapeutics the Sublessee. Fleet Bank provided a \$5,000,000 Letter of Credit for the construction phase of the project. Lincoln Associates anticipated the costs for the acquisition of the property and construction of the facility will total \$7,500,000. They requested the Mortgage Insurance and Bond Issuance in the amount of \$5,000,000, for a term of 10 years. Lincoln Associates injected equity of \$2,500,000. Under the Authority's guidelines, the Authority can insure up to 90% of a real estate project (not to exceed \$5,000,000). The company was accommodated with financing in a two phase process through the issuance of bonds in the amount of \$2,215,000 by the RI Industrial Facilities Corporation and mortgage insurance provided by the RI Industrial-Recreational Building Authority. This enabled the company to complete two pilot facilities, and to acquire and install the machinery and equipment necessary to operate those facilities. The company later moved to California.

New England Expedition/Eagle Square Common (2003 and 2008)

The New England Expedition is a single purpose entity formed for the purpose of ownership and rehabilitation of several historical buildings and development of new buildings totaling approximately 270,000 square feet of building are, to be known as Eagle Square Commons, located at the intersection of Atwells Avenue, Valley Street, and Eagle Street in Providence RI. The development was to consist of retail space, office space, and residential condominiums. In 2003, New England Expedition requested the issuance of and industrial revenue bond of \$4,445,000, insured by IRBA, for the permanent financing of approximately 37,800 square feet of professional office space located on the 2nd, 3rd, and 4th floors in the building known as the Uncas Building and 12,500 square feet of office space located on the second floor of the building known as the Crawford Seed Building. The total project was estimated at \$5,000,000. In 2008, up to \$675,000 was approved for additional expansion for parking adjacent to the existing facility.

Neurotech Pharmaceuticals

Neurotech Pharmaceuticals, Inc. (Neurotech) is a biotechnology company, led by a team of experienced ophthalmology and biotech executives, dedicated to the development of sight-saving therapeutics for chronic retinal diseases. Neurotech's technology platform, Encapsulated Cell Technology (ECT), has unique attributes that enable long-term, sustained delivery of therapeutic proteins to the back of the eye. The technology and its applications are protected by a broad patent portfolio (over 80 issued patents in the US). Neurotech's lead ECT product, NT-501, is in clinical development for the treatment of retinal degeneration, including retinitis pigmentosa (RP) and geographic atrophy (GA) associated with (*dry*) age-related macular degeneration.

Neurotech Pharmaceuticals, Inc., a Delaware corporation, is the parent company to Neurotech S.A. and Neurotech USA, Inc. The company's main operations, including R&D and manufacturing are located in its American subsidiary, Neurotech USA, in Lincoln, RI. (In June 2006 the company changed its headquarters domicile from France to the RI).

In July '07 the RIIFC & IRBA Boards of Directors approved an Initial Inducement for a tax exempt bond up to \$3 million for the costs to purchase new equipment with the intentions of leasing the former CytoTherapeutics building located at 701 George Washington Highway, Lincoln, RI to initiate manufacturing operations. The lease was never consummated; therefore, Neurotech sought alternative sites. To meet the long-term space, regulatory, and operational requirements for the Company, Neurotech has selected to lease a 27,000 sq. ft. office site to be built at the Highland Corporate Park, Cumberland, RI. As a result, an investment totaling \$5.6 million is needed to cover the build out of the site, soft and hard costs for the acquisition and installment of equipment to the building.

Hard costs covering new equipment for the building are \$4.0 million, including two modular manufacturing suites (clean rooms) and other related equipment.

Neurotech was issued \$4,000,000 Rhode Island Industrial Facilities Corporation (RIIFC) tax-exempt industrial revenue bond insured by the Rhode Island Industrial/Recreational Building Authority (IRBA) to support the purchase and installation of the equipment.

CAPCO Steel

History: Capco Endurance, LLC (Capco), a Rhode Island corporation; the parent company of the operating entity, Capco Steel, LLC based in Providence, RI, was founded in 1990 by Michael Caparco and Patricia Caparco. The Company was engaged in the fabrication and erection of structural, miscellaneous and ornamental steel. Capco participated in the construction of many landmark structures, including Gillette Stadium, Boston Convention Cent, Pfizer World Headquarters, Connecticut Convention Center and many others. The Company employed 425 people.

In 2007 through 2008, Capco invested approximately 6 million in upgrading its fabrication facilities and purchasing new machinery & equipment as part of a strategic plan to increase the percentage of revenues derived from structural, miscellaneous and ornamental fabrication (Shop Revenue). By making this substantial investment, Capco was able to attract new business and added additional jobs at its Providence facility.

Capco proposed the issuance of a \$6 million Rhode Island Industrial Facilities Corporation (RIIFC) taxable industrial revenue bond to be insured up to \$5 million dollars by the Rhode Island Industrial/Recreational Building Authority (IRBA). Webster Bank provided a commitment letter to purchase the bond.

Ener-Tek International, Inc. / Yardney Technical Products, Inc.

Yardney Technical Products, Inc. (YTP), an affiliate of Ener-Tek International, Inc. (ETI), was founded in the mid 1940's and is a leading manufacturer of high energy density batteries. In 1995, YTP formed ETI, which became the technology based parent of YTP. ETI holds 200 patents covering different aspects of battery technology and design and currently produces batteries used in underwater vehicles, aircraft, and satellites. ETI's clients include Northrop Grumman, Lockheed Martin, Boeing, USAF and the US Navy.

ETI has two operating subsidiaries, each with a unique product line. The first operating subsidiary is YTP, which focuses on a premium priced niche market that develops and manufactures silver-zinc primary and rechargeable batteries. The second operating subsidiary is Lithion, Inc. (LI). LI manufactures market specialty rechargeable lithium-ion cells and batteries.

LI's specific market is concentrated on high-end applications traditionally found in the aeronautical, aerospace and marine industries.

ETI's former manufacturing facility, and headquarters, was a 260,000 sq. ft leased facility, located in Stonington, CT. The facility, while sufficient was not conducive to growth or improved operating efficiencies. A new, modern facility will better position ETI for growth and enable it to leverage their engineering capabilities to drive product and manufacturing innovations. Consequently, ETI has entered into a letter of intent to purchase an existing 140,000 sq. ft. manufacturing facility for \$5.2 million on 20.6 acres of land located in East Greenwich, RI, which was previously occupied by On Semi-Conductor. ETI also intends to make \$2 million of leasehold improvements. Additionally, the Company will be purchasing \$5 million of machinery & equipment which will be financed separately. The combined operations of all the affiliated companies will be at this new facility.

ETI was issued a \$6.1 million Tax Exempt Bond through the RI Industrial Facilities Corporation (RIIFC); a portion of which is insured by the RI Industrial/Recreational Building Authority (IRBA) up to \$5 million.

Exhibit II

Rhode Island Industrial - Recreational Building Authority

	FY 2012 Actual	FY 2013 Actual	FY 2014 Revised	FY 2015 Recommended
Receipts:				
Premiums	267,412	111,302	96,542	100,000
Interest	4,437	4,856	1,973	2,000
Rent/Other	33,750	1,250	5,000	5,000
Total:	305,599	117,408	103,515	107,000
Expenses:				
Administration	187,662	55,852	38,750	40,000
Legal and Audit ⁽¹⁾	54,078	115,920	289,000	75,000
Insurance	11,031	32,290	31,800	32,000
Total:	252,771	204,062	359,550	147,000
Operating Income (Loss)	52,828	(86,654)	(256,035)	(40,000)
Est. Loss - Default	2,140,452	530,478	-	-
Net Income (Loss)	(2,087,624)	(617,132)	(256,035)	(40,000)

1 - Legal fees increased due to litigation related to CAPCO.

RI Industrial Recreational Bldg. Auth.
Income Statement
For the Twelve Months Ending June 30, 2014

	Current Month This Year	Current Month Last Year	Year to Date This Year	Year to Date Last Year
Revenues				
Mortgage Insurance Premiums	\$ 7,775.77	\$ (33,625.70)	\$ 92,862.30	\$ 106,463.36
Investment Earnings	380.31	540.69	2,387.91	4,856.00
Other Income	(53,081.82)	(60,161.00)	7,079.18	6,089.00
Total Revenues	<u>(44,925.74)</u>	<u>(93,246.01)</u>	<u>102,329.39</u>	<u>117,408.36</u>
Cost of Sales				
Total Cost of Sales	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Gross Profit	<u>(44,925.74)</u>	<u>(93,246.01)</u>	<u>102,329.39</u>	<u>117,408.36</u>
Expenses				
Administration	1,235.61	(13,005.17)	8,110.61	55,490.99
Indirect Cost Expenses	979.51	0.00	6,614.96	0.00
Legal Services	31,816.30	33,705.02	134,731.58	111,920.51
Mgmt/Audit Services	0.00	0.00	4,200.00	4,000.00
Insurance Expense	2,649.83	2,935.41	32,083.58	32,289.59
Other Expenses	0.00	0.00	0.00	360.00
Loss on Insured Commitment	835,173.00	530,478.00	835,173.00	530,478.00
Total Expenses	<u>871,854.25</u>	<u>554,113.26</u>	<u>1,020,913.73</u>	<u>734,539.09</u>
Net Income	<u>\$ (916,779.99)</u>	<u>\$ (647,359.27)</u>	<u>\$ (918,584.34)</u>	<u>\$ (617,130.73)</u>

MINUTES OF
THE RHODE ISLAND INDUSTRIAL – RECREATIONAL BUILDING AUTHORITY

February 28, 2014 (#481)

PUBLIC SESSION

A monthly meeting of the Board of Directors (the “Board”) of the **RHODE ISLAND INDUSTRIAL – RECREATIONAL BUILDING AUTHORITY** (the “Authority”) was held in Public Session at the offices of the Rhode Island Commerce Corporation (“Commerce RI”), 315 Iron Horse Way, Suite 101, Providence, Rhode Island on February 28, 2014 at approximately 8:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by Rhode Island General Law 42-46-6.

PRESENT: Frank R. Benell, Chairperson
Frances H. Gammell-Roach, Vice Chairperson
Michael S. Imbruglia, Member
Christopher V. Bilotti, Member

ABSENT: Laurence W. Ehrhardt, Member

ALSO PRESENT: William Ash, Director of Financial Services for Commerce RI
Adam Quinlan, Manager of the Authority
Stacy Farrell, Assistant Manager of the Authority
John Pagliarini, Chief of Staff for Commerce RI
Tom Moses, Esq. Moses Afonso Ryan Ltd.
Tim Eskey, Esq. Moses Afonso Ryan Ltd.

Chairman Benell presided over the meeting.

1. **Call to Order.**

Mr. Benell called the meeting to order at 8:38 a.m.

2. **Approval of the Public and Executive Session Minutes of the Meeting Held on October 25, 2013**

Mr. Benell presented the Public and Executive Session Minutes of the meeting held on October 25, 2013. A motion was duly made by Ms. Gammell-Roach, was seconded by Mr. Imbruglia and was unanimously carried to accept the Public and Executive Session Minutes, as presented. A roll call vote was taken:

Mr. Benell – aye
Mrs. Gammell-Roach – aye
Mr. Imbruglia – aye
Mr. Bilotti – aye

3. Maintain the Executive Session Minutes of October 25, 2013 as Confidential

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meetings held on October 25, 2013. A motion was duly made by Ms. Gammell-Roach, was seconded by Mr. Imbruglia, and was unanimously carried to maintain the confidentiality of the Executive Session Minutes of the above noted meeting. A roll call vote was taken:

Mr. Benell – aye
Mrs. Gammell-Roach – aye
Mr. Imbruglia– aye
Mr. Bilotti – aye

4. Review of the Internally Prepared Financial Statements for the period ended January 31, 2014.

Mr. Quinlan asked if there were any questions regarding the financial statements. He noted that he continued to work to reduce administrative costs. There being no discussion, a motion was duly made by Mr. Imbruglia, was seconded by Mrs. Gammell-Roach, and was unanimously carried to accept the internally prepared financial statements for the period ended January 31, 2014 (Exhibit A). A roll call vote was taken:

Mr. Benell – aye
Mrs. Gammell-Roach – aye
Mr. Imbruglia– aye
Mr. Bilotti – aye

5. Other Business

Mr. Benell asked if there was any further business to come before the Board. Mr. Pagliarini introduced Mr. William Ash to the Board as the new Manager of Financial Services for Commerce RI. Mr. Ash provided the Board with a brief professional background and indicated he was currently working to bring increased deal flow to the Authority. The Board welcomed Mr. Ash to the team.

There was no further business for discussion in Public Session.

6. Executive Session

Mr. Benell suggested that the Board move into Executive Session. Upon motion duly made by Mr. Imbruglia and seconded by Mrs. Gammell-Roach, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(2), 42-46-5(a)(5), 42-46-5(a)(6) and 42-46-5(a)(7) of the General Laws of the State of Rhode Island, as amended, was duly adopted. A roll call vote was taken:

Mr. Benell – aye
Mrs. Gammell-Roach – aye
Mr. Imbruglia– aye
Mr. Bilotti – aye

Public Session concluded and Executive Session began at 8:45 a.m.

7. **Executive Session Vote Ratification**

The meeting was reconvened from Executive Session to Public Session at 9:12 a.m. Mr. Benell noted that no votes were taken by the Board in Executive Session.

8. **Adjournment**

There being no further business to come before the Board, upon motion duly made by Mr. Imbruglia, was seconded by Mr. Bilotti, the Board unanimously voted to adjourn the meeting. A roll call vote followed:

Mr. Benell – aye
Mrs. Gammell-Roach – aye
Mr. Imbruglia– aye
Mr. Bilotti – aye

The meeting was adjourned at 9:13 a.m.

Respectfully submitted,



Stacy Farrell, Assistant Manager

(Exhibit A)

RI Industrial Recreational Bldg. Auth.
Balance Sheet
January 31, 2014

ASSETS

Current Assets

10101	Cash	\$ 307,203.33	
10120	Investments	2,854,702.17	
12160	MIP Receivable	6,709.20	
12175	Allowance for Doubtful Accts.	(87,154.45)	
13180	Prepaid Expenses	15,898.98	
	Total Current Assets		3,097,359.23

Property and Equipment

	Total Property and Equipment		0.00
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Other Assets

12130	Due From RIIFC	696,556.58	
12134	Due from Capco	162,116.88	
12136	Allow for Capco Premiums Paid	(162,116.72)	
12161	CAPCO MIP Receivable	87,153.96	
	Total Other Assets		783,710.70
	Total Assets	\$	<u><u>3,881,069.93</u></u>

LIABILITIES AND CAPITAL

Current Liabilities

22110	Accounts Payable	\$ 6,000.00	
22120	Accounts Payable - RIIFC	233,861.75	
22121	Accrued Expenses	42,904.63	
22131	Deferred Revenue - Current	4,972.66	
22135	Insured Commitment Payable	202,645.74	
	Total Current Liabilities		490,384.78

Long-Term Liabilities

22125	Escrow Liability to RIBDC	696,556.58	
22126	Potential loss from Capco	1,520,460.00	
22140	Deferred Revenue Long Term	100,726.19	
	Total Long-Term Liabilities		2,317,742.77
	Total Liabilities		2,808,127.55

Capital

33000	Retained Earnings	1,120,188.90	
	Net Income	(47,246.52)	
	Total Capital		1,072,942.38
	Total Liabilities & Capital	\$	<u><u>3,881,069.93</u></u>

RI Industrial Recreational Bldg. Auth.
Income Statement
For the Seven Months Ending January 31, 2014

	Current Month This Year	Current Month Last Year	Year to Date This Year	Year to Date Last Year
Revenues				
Mortgage Insurance Premiums	\$ 7,679.44	\$ 11,798.12	\$ 54,693.94	\$ 93,317.88
Investment Earnings	222.90	489.19	1,243.92	2,994.47
Other Income	(1,088.71)	15,000.00	1,129.03	16,250.00
Total Revenues	<u>6,813.63</u>	<u>27,287.31</u>	<u>57,066.89</u>	<u>112,562.35</u>
Cost of Sales				
Total Cost of Sales	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Gross Profit	<u>6,813.63</u>	<u>27,287.31</u>	<u>57,066.89</u>	<u>112,562.35</u>
Expenses				
Administration	821.86	9,785.17	6,983.95	68,496.16
Legal Services	3,000.00	3,000.00	74,295.03	45,054.16
Mgmt/Audit Services	0.00	0.00	4,200.00	4,000.00
Insurance Expense	2,649.83	2,935.41	18,834.43	17,612.54
Total Expenses	<u>6,471.69</u>	<u>15,720.58</u>	<u>104,313.41</u>	<u>135,162.86</u>
Net Income	<u>\$ 341.94</u>	<u>\$ 11,566.73</u>	<u>\$ (47,246.52)</u>	<u>\$ (22,600.51)</u>

RI Industrial Recreational Bldg. Auth.
Aged Receivables
As of Jan 31, 2014

Filter Criteria includes: 1) IDs: Multiple IDs; 2) Includes Drop Shipments. Report order is by ID. Report is printed in Summary Format.

Customer Telephone 1	0 - 30	31 - 60	61 - 90	Over 90 days	Amount Due
Buertek International Inc. - Yardne	3,941.95				3,941.95
NE Expedition	2,767.25				2,767.25
	6,709.20				6,709.20

MINUTES OF
THE RHODE ISLAND INDUSTRIAL – RECREATIONAL BUILDING AUTHORITY

April 25, 2014 (#482)

PUBLIC SESSION

A monthly meeting of the Board of Directors (the "Board") of the **RHODE ISLAND INDUSTRIAL – RECREATIONAL BUILDING AUTHORITY** (the "Authority") was held in Public Session at the offices of the Rhode Island Commerce Corporation ("Commerce RI"), 315 Iron Horse Way, Suite 101, Providence, Rhode Island on April 25, 2014 at approximately 8:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by Rhode Island General Law 42-46-6.

PRESENT: Frances H. Gammell-Roach, Vice Chairperson
Michael S. Imbruglia, Member
Christopher V. Bilotti, Member
Laurence W. Ehrhardt, Member

ABSENT: Frank R. Benell, Chairperson

ALSO PRESENT: William Ash, Director of Financial Services for Commerce RI
Adam Quinlan, Manager of the Authority
Stacy Farrell, Assistant Manager of the Authority
John Pagliarini, Chief of Staff for Commerce RI
Tom Moses, Esq. Moses Afonso Ryan Ltd.
Tim Eskey, Esq. Moses Afonso Ryan Ltd.

Vice-Chairperson Gammell-Roach presided over the meeting.

1. **Call to Order.**

Ms. Gammell-Roach called the meeting to order at 8:33 a.m.

2. **Approval of the Public and Executive Session Minutes of the Meeting Held on February 28, 2014**

Ms. Gammell-Roach presented the Public and Executive Session Minutes of the meeting held on February 28, 2014. A motion was duly made by Mr. Imbruglia, was seconded by Mr. Bilotti and was unanimously carried to accept the Public and Executive Session Minutes, as presented. A roll call vote was taken:

Mrs. Gammell-Roach – aye

Mr. Imbruglia – aye

Mr. Bilotti – aye

Mr. Ehrhardt- abstained as he was not present at the February 28, 2014 meeting.

3. **Maintain the Executive Session Minutes of February 28, 2014 as Confidential**

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meetings held on February 28, 2014. A motion was duly made by Mr. Ehrhardt, was seconded by Mr. Bilotti, and was unanimously carried to maintain the confidentiality of the Executive Session Minutes of the above noted meeting. A roll call vote was taken:

Mr. Ehrhardt – aye
Mrs. Gammell-Roach – aye
Mr. Imbruglia – aye
Mr. Bilotti – aye

4. **Appointment of Legal Counsel for the Authority.**

Mr. Moses indicated the Authority's Board voted in November of 2012 to maintain the law firm of Moses Afonso Ryan, Ltd. as counsel for a term of one year. He noted the term had come to an end in November of 2013 and asked that the Board entertain a motion to maintain the law firm of Moses Afonso Ryan, Ltd for an additional year, retroactive to the original expiration date in November through November of 2014. There being no discussion, a motion was duly made by Gammell-Roach, was seconded by Mr. Imbruglia, and was unanimously carried to appoint the law firm of Moses Afonso Ryan as legal counsel of the Authority through November of 2014:

Mr. Ehrhardt – aye
Mrs. Gammell-Roach – aye
Mr. Imbruglia – aye
Mr. Bilotti – aye

5. **Other Business**

Mr. Imbruglia provided a letter of resignation (Exhibit A) and indicated he would be resigning effective September 30, 2014. The Board thanked Mr. Imbruglia for his years of service to the Authority.

There was no further business for discussion in Public Session.

6. **Executive Session**

Mrs. Gammell-Roach suggested that the Board move into Executive Session. Upon motion duly made by Mr. Imbruglia and seconded by Mr. Ehrhardt, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(2), 42-46-5(a)(5), 42-46-5(a)(6) and 42-46-5(a)(7) of the General Laws of the State of Rhode Island, as amended, was duly adopted. A roll call vote was taken:

Mr. Ehrhardt – aye
Mrs. Gammell-Roach – aye
Mr. Imbruglia– aye
Mr. Bilotti – aye

Public Session concluded and Executive Session began at 8:42 a.m.

7. **Executive Session Vote Ratification**

The meeting was reconvened from Executive Session to Public Session at 8:57 a.m. Mrs. Gammell-Roach noted that no votes were taken by the Board in Executive Session.

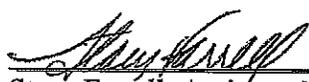
8. **Adjournment**

There being no further business to come before the Board, upon motion duly made by Mr. Imbruglia, was seconded by Mr. Bilotti, the Board unanimously voted to adjourn the meeting. A roll call vote followed:

Mr. Ehrhardt – aye
Mrs. Gammell-Roach – aye
Mr. Imbruglia– aye
Mr. Bilotti – aye

The meeting was adjourned at 8:58 a.m.

Respectfully submitted,



Stacy Farrell, Assistant Manager

April 25, 2014

Mr. Adam Quinlan, Chief Financial Officer
Rhode Island Commerce Corporation
315 Iron Horse Way, Suite 101
Providence, Rhode Island
02908

Dear Adam,

Please accept this as my letter of resignation from the Industrial Recreation Building Authority Board of Directors effective September 30th 2014.

I am offering this letter now as given the sporadic nature of our meetings over the past six months I am hopeful that we will get an opportunity to meet a few more times in 2014.

Since the fall of 2013 I was prepared to serve out the remainder of my term to February 2015, but now that Board membership is in the best shape than it has been in the past nine years and that our two new members are seated; I feel that is a good time to move on. This will also give the new governor a chance to nominate a member.

I have considered it an honor and a privilege to have served nine years as a member of the Board of Directors. I have enjoyed it thoroughly and have learned quite a bit about the intricacies that revolve around acquiring business for the State. The relationships I have formed during that time I will look back on fondly.

I would appreciate it if at the next meeting you could have this letter submitted into the record.

Best Regards,

Michael

Cc: Thomas Moses, Esq. Moses Afonso Ryan Ltd., Counselors-At-Law

MINUTES OF

THE RHODE ISLAND INDUSTRIAL – RECREATIONAL BUILDING AUTHORITY

June 27, 2014 (#483)

PUBLIC SESSION

A monthly meeting of the Board of Directors (the “Board”) of the **RHODE ISLAND INDUSTRIAL – RECREATIONAL BUILDING AUTHORITY** (the “Authority”) was held in Public Session at the offices of the Rhode Island Commerce Corporation (“Commerce RI”), 315 Iron Horse Way, Suite 101, Providence, Rhode Island on June 27, 2014 at approximately 8:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by Rhode Island General Law 42-46-6.

PRESENT: Frances H. Gammell-Roach, Vice Chairperson
Scott A. Gibbs, Member
Christopher V. Bilotti, Member
Laurence W. Ehrhardt, Member

ABSENT: John R. Gowell, Member

ALSO PRESENT: William Ash, Director of Financial Services for Commerce RI
Adam Quinlan, Manager of the Authority
Stacy Farrell, Assistant Manager of the Authority
John Pagliarini, Chief of Staff for Commerce RI
Tom Moses, Esq. Moses Afonso Ryan Ltd.
Ellen Corneau, Esq. Moses Afonso Ryan Ltd.

Vice-Chairperson Gammell-Roach presided over the meeting.

1. **Call to Order.**

Ms. Gammell-Roach called the meeting to order at 8:33 a.m.

2. **Approval of the Public and Executive Session Minutes of the Meeting Held on April 25, 2014**

Ms. Gammell-Roach presented the Public and Executive Session Minutes of the meeting held on April 25, 2014. A motion was duly made by Mr. Ehrhardt, was seconded by Mr. Bilotti and was unanimously carried to accept the Public and Executive Session Minutes, as presented.

A roll call vote was taken:

Mrs. Gammell-Roach – aye

Mr. Ehrhardt – aye

Mr. Bilotti – aye

Mr. Gibbs- abstained as he was not present at the April 25, 2014 meeting.

3. **Maintain the Executive Session Minutes of April 25, 2014 as Confidential**

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meetings held on April 25, 2014. A motion was duly made by Mr. Bilotti, was seconded by Mr. Ehrhardt, and was unanimously carried to maintain the confidentiality of the Executive Session Minutes of the above noted meeting. A roll call vote was taken:

Mrs. Gammell-Roach – aye

Mr. Ehrhardt– aye

Mr. Bilotti – aye

Mr. Gibbs- abstained as he was not present at the April 25, 2014 meeting.

4. **Review of the Internally Prepared Financial Statements for the period ended May 31, 2014.**

Mr. Quinlan asked if there were any questions regarding the financial statements. He noted that he continued to work to reduce administrative costs and noted the continued expense of litigation relating to the CAPCO default. There being no further discussion, a motion was duly made by Mr. Bilotti, was seconded by Mr. Ehrhardt, and was unanimously carried to accept the internally prepared financial statements for the period ended May 31, 2014 (Exhibit A). A roll call vote was taken:

Mrs. Gammell-Roach -- aye

Mr. Ehrhardt– aye

Mr. Bilotti – aye

Mr. Gibbs – aye

5. **Appointment of William Ash as Manager of the Authority**

Mr. Quinlan indicated it was customary in the past that the Manager for the Authority be the Director of Financial Services for the Rhode Island Commerce Corporation. He felt that Mr. Ash should replace him as Manager at this time. A Resolution was circulated which appointed Mr. Ash as Manager and was signed by members present at the meeting (Exhibit B). There being no further discussion, a motion was duly made by Mr. Ehrhardt, was seconded by Mr. Bilotti, and was unanimously carried to appoint Mr. William Ash as the Manager of the Authority. A roll call vote was taken:

Mrs. Gammell-Roach – aye

Mr. Ehrhardt– aye

Mr. Bilotti – aye

Mr. Gibbs – aye

6. Election of Officers to the Authority.

The next item to come before the Board was the election of Officers as follows:

Mrs. Gammell-Roach- Chairperson (term expires 2/1/2019)

Mr. Christopher Bilotti- Vice Chairman (term expires 2/1/2017)

A motion was duly made by Mr. Gibbs, was seconded by Mr. Ehrhardt, and was unanimously carried to appoint the above listed Officers to the Authority. A roll call vote was taken:

Mrs. Gammell-Roach – aye

Mr. Ehrhardt– aye

Mr. Bilotti – aye

Mr. Gibbs – aye

7. Discussion of Quasi-Public Corporations Accountability and Transparency Act

Mr. Ash addressed the Board regarding a recently passed piece of legislation now known as the “Quasi-Public Corporations Accountability Act” (Exhibit C). There was some discussion regarding the requirements outlined in the legislation for the purposes of providing transparency within these Quasi-Public Corporations. Mr. Ash noted this was for information purposes only. There was no further discussion regarding this matter.

8. Request for Authorization to issue Request for Proposal (“RFP”) relating to legal counsel for the Authority

Mr. Ash stated he felt it would be prudent for the Board to consider issuing an RFP for legal services for the Authority. He noted legal services have customarily been performed by the offices of Moses, Afonso, Ryan Ltd. but he felt other firms should be given the opportunity to bid on the work. After some discussion the Board members concurred that an RFP should be prepared by staff and sent out to bid as soon as possible.

9. Other Business

Mr. Moses indicated there would not be a need to enter into Executive Session to discuss the CAPCO matter as there has been no activity with the case since the last meeting of the Board. Mr. Ash then stated there were some potential transactions being worked on by staff for upcoming meetings.

There was no further business for discussion in Public Session.

10. Adjournment

There being no further business to come before the Board, upon motion duly made by Mr. Ehrhardt, was seconded by Mr. Gibbs, the Board unanimously voted to adjourn the meeting. A roll call vote followed:

Mrs. Gammell-Roach – aye

Mr. Ehrhardt – aye

Mr. Bilotti – aye

Mr. Gibbs – aye

The meeting was adjourned at 9:09 a.m.

Respectfully submitted,



Stacy Farrell, Assistant Manager

(Exhibit A)

RI Industrial Recreational Bldg. Auth.

Balance Sheet

May 31, 2014

ASSETS

Current Assets

10101	Cash	\$	9,902.26	
10120	Investments		2,855,465.85	
12160	MIP Receivable		6,715.68	
12175	Allowance for Doubtful Accts.		(101,260.40)	
13180	Prepaid Expenses		5,299.66	
	Total Current Assets			2,776,123.05

Property and Equipment

	Total Property and Equipment			0.00
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Other Assets

12130	Due From RIIFC		696,556.58	
12134	Due from Capco		202,646.06	
12136	Allow for Capco Premiums Paid		(162,116.72)	
12161	CAPCO MIP Receivable		101,259.91	
	Total Other Assets			838,345.83
	Total Assets	\$		3,614,468.88

LIABILITIES AND CAPITAL

Current Liabilities

22110	Accounts Payable	\$	9,000.00	
22120	Accounts Payable - RIIFC		97,244.86	
22121	Accrued Expenses		48,431.13	
22131	Deferred Revenue - Current		833.37	
22135	Insured Commitment Payable		81,058.20	
	Total Current Liabilities			236,567.56

Long-Term Liabilities

22125	Escrow Liability to RIEDC		696,556.58	
22126	Potential loss from Capco		1,520,460.00	
22140	Deferred Revenue Long Term		42,500.19	
	Total Long-Term Liabilities			2,259,516.77
	Total Liabilities			2,496,084.33

Capital

33000	Retained Earnings		1,120,188.90	
	Net Income		(1,804.35)	
	Total Capital			1,118,384.55
	Total Liabilities & Capital	\$		3,614,468.88

RI Industrial Recreational Bldg. Auth.
Income Statement
For the Eleven Months Ending May 31, 2014

	Current Month This Year	Current Month Last Year	Year to Date This Year	Year to Date Last Year
Revenues				
Mortgage Insurance Premiums	\$ 7,549.01	\$ 11,623.29	\$ 85,086.53	\$ 140,089.06
Investment Earnings	209.21	271.08	2,007.60	4,315.31
Other Income	0.00	0.00	60,161.00	66,250.00
Total Revenues	<u>7,758.22</u>	<u>11,894.37</u>	<u>147,255.13</u>	<u>210,654.37</u>
Cost of Sales				
Total Cost of Sales	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Gross Profit	<u>7,758.22</u>	<u>11,894.37</u>	<u>147,255.13</u>	<u>210,654.37</u>
Expenses				
Administration	665.96	0.00	6,875.00	68,496.16
Indirect Cost Expenses	525.21	0.00	5,635.45	0.00
Legal Services	16,186.50	3,000.00	102,915.28	78,215.49
Mgmt/Audit Services	0.00	0.00	4,200.00	4,000.00
Insurance Expense	2,649.83	2,935.41	29,433.75	29,354.18
Other Expenses	0.00	0.00	0.00	360.00
Total Expenses	<u>20,027.50</u>	<u>5,935.41</u>	<u>149,059.48</u>	<u>180,425.83</u>
Net Income	<u>\$ (12,269.28)</u>	<u>\$ 5,958.96</u>	<u>\$ (1,804.35)</u>	<u>\$ 30,228.54</u>

RI Industrial Recreational Bldg. Auth.
Statement of Cash Flow
For the eleven Months Ended May 31, 2014

	Current Month	Year to Date
Cash Flows from operating activities		
Net Income	\$ (12,269.28)	\$ (1,804.35)
Adjustments to reconcile net income to net cash provided by operating activities		
MIP Receivable	(149.79)	(109.85)
Allowance for Doubtful Accts.	3,501.90	39,881.11
Prepaid Expenses	2,649.83	(2,364.25)
Accounts Payable	0.00	3,000.00
Accounts Payable - RIIFC	(267,638.18)	(228,980.73)
Accrued Expenses	1,191.17	(18,194.57)
Deferred Revenue - Current	(833.33)	(11,101.63)
Insured Commitment Payable	(40,529.18)	(405,291.80)
	<u>(301,807.58)</u>	<u>(623,161.72)</u>
Total Adjustments		
Net Cash provided by Operations	<u>(314,076.86)</u>	<u>(624,966.07)</u>
Cash Flows from investing activities		
Used For		
Due from Capco	0.00	(40,529.18)
CAPCO MIP Receivable	(3,501.90)	(40,025.28)
	<u>(3,501.90)</u>	<u>(80,554.46)</u>
Net cash used in investing		
Cash Flows from financing activities		
Proceeds From		
Used For		
Deferred Revenue Long Term	0.00	(58,226.00)
	<u>0.00</u>	<u>(58,226.00)</u>
Net cash used in financing		
Net increase <decrease> in cash	<u>\$ (317,578.76)</u>	<u>\$ (763,746.53)</u>
Summary		
Cash Balance at End of Period	\$ 2,865,368.11	\$ 2,865,368.11
Cash Balance at Beg of Period	<u>(3,182,946.87)</u>	<u>(3,628,970.47)</u>
Net Increase <Decrease> in Cash	<u>\$ (317,578.76)</u>	<u>\$ (763,602.36)</u>

RI Industrial Recreational Bldg. Auth.
Aged Receivables
As of May 31, 2014

Filter Criteria includes: 1) IDs: Multiple IDs; 2) Includes Drop Shipments. Report order is by ID. Report is printed in Summary Format.

Customer Telephone 1	0 - 30	31 - 60	61 - 90	Over 90 days	Amount Due
Stemcells Inc 510-456-4000	39.32				39.32
Enertek International Inc. - Yardne	3,902.15				3,902.15
NE Expedition	2,774.21				2,774.21
	6,715.68				6,715.68

RESOLUTION
OF
RHODE ISLAND INDUSTRIAL-RECREATIONAL BUILDING AUTHORITY

The Board of the Rhode Island Industrial-Recreational Building Authority ("Authority") hereby adopts the following resolution pursuant to the powers contained in its bylaws:

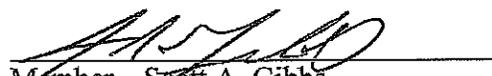
VOTED: That William Ash is hereby appointed as the sole Manager of the Authority, effective June 27, 2014. William Ash shall replace Adam Quinlan, who shall cease to serve as the Manager of the Authority as of said date.

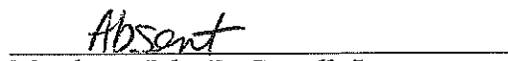
VOTED: That William Ash, in his capacity as the Manager of the Authority, be and hereby is authorized to execute contracts and agreements in the name and on behalf of the Authority, the execution by William Ash, in his capacity as the Manager of the Authority, to be deemed conclusive evidence of the due authorization thereof; and any and all documents and agreements heretofore executed and acts or things heretofore done to effectuate the purposes of these resolutions are hereby in all respects ratified, confirmed and approved as the act or acts of the Authority.


Member - Frances H. Gammell-Roach


Member - Laurence W. Ehrhardt


Member - Christopher V. Bilotti


Member - Scott A. Gibbs


Member - John R. Gowell, Jr.

2014 -- S 2585 SUBSTITUTE A

LC004073/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

AN ACT

RELATING TO STATE AFFAIRS AND GOVERNMENT - QUASI-PUBLIC
CORPORATIONS ACCOUNTABILITY AND TRANSPARENCY ACT

Introduced By: Senators Sheehan, DiPalma, Sosnowski, Walaska, and Algieri

Date Introduced: March 04, 2014

Referred To: Senate Government Oversight

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 155

4 QUASI-PUBLIC CORPORATIONS ACCOUNTABILITY AND TRANSPARENCY ACT

5 42-155-1. Title. -- This chapter shall be known and may be cited as the "Quasi-Public
6 Corporations Accountability and Transparency Act."

7 42-155-2. Legislative findings. -- It is hereby found that:

8 (1) Quasi-public corporations are established and empowered by state law, and would not
9 exist but for their relationship with the state.

10 (2) Quasi-public corporations perform essential government functions and/or provide
11 essential government services.

12 (3) Many quasi-public corporations are granted the public power to collect fees and/or
13 generate other revenue and incur debt.

14 (4) Quasi-public corporations manage significant public resources; however, the majority
15 are exempt from many kinds of public oversight, such as executive and legislative budgetary
16 review required of state agencies and departments.

17 (5) It is essential that quasi-public corporations provide more, not less transparency by
18 making their decisions and budgets especially transparent and open to public scrutiny, and by

1 demonstrating a commitment to protecting the interests of Rhode Island taxpayers by achieving
2 the highest standards of transparent, effective and ethical operation.

3 (6) Quasi-public corporations are governed by independent boards that serve a critical
4 oversight function, and there exists a need to strengthen the ability of board members to carry out
5 this oversight role.

6 (7) Rhode Island citizens rely on their government to provide oversight of quasi-public
7 corporations, with a goal of ensuring that these state entities carry out their government missions
8 effectively, and exemplify a commitment to transparent, accountable and effective government.

9 (8) The general assembly has made comprehensive amendments to the Rhode Island
10 commerce corporation's enabling legislation to enhance transparency and accountability, provide
11 board members with additional tools to exercise crucial oversight, establish increased reporting
12 requirements, and establish regularly scheduled audits of the corporation. All Rhode Island quasi-
13 public corporations should be held to these higher standards of transparency and accountability.

14 42-155-3. Definitions. -- (a) As used in this chapter, "quasi-public corporation" means
15 any body corporate and politic created or to be created pursuant to the general laws, including,
16 but not limited to, the following:

- 17 (1) Capital center commission;
- 18 (2) Rhode Island convention center authority;
- 19 (3) Rhode Island industrial facilities corporation;
- 20 (4) Rhode Island industrial-recreational building authority;
- 21 (5) Rhode Island small business loan fund corporation;
- 22 (6) Quonset development corporation;
- 23 (7) Rhode Island airport corporation;
- 24 (8) I-195 redevelopment district commission;
- 25 (9) Rhode Island health and educational building corporation;
- 26 (10) Rhode Island housing and mortgage finance corporation;
- 27 (11) Rhode Island higher education assistance authority;
- 28 (12) Rhode Island student loan authority;
- 29 (13) Narragansett bay commission;
- 30 (14) Rhode Island clean water finance agency;
- 31 (15) Rhode Island water resources board;
- 32 (16) Rhode Island resource recovery corporation;
- 33 (17) Rhode Island public rail corporation;
- 34 (18) Rhode Island public transit authority;

1 (19) Rhode Island turnpike and bridge authority;
2 (20) Rhode Island tobacco settlement financing corporation; and
3 (21) Any subsidiary of the Rhode Island commerce corporation.
4 (b) Cities, towns, and any corporation created, which is an instrumentality and agency of
5 a city or town, and any corporation created by a state law which has been authorized to transact
6 business and exercise its powers by a city or town pursuant to ordinance or resolution, and fire
7 and water districts are not subject to the provisions of this chapter.
8 (c) The Rhode Island commerce corporation, being subject to similar transparency and
9 accountability requirements set forth in chapter 64 of title 42; the Rhode Island public rail
10 corporation established in chapter 64.2 of title 42; Block Island power authority; and the Pascoag
11 utility district shall not be subject to the provisions of this chapter.
12 42-155-4. Role and responsibilities of board members. — (a) Board members of quasi-
13 public corporations shall:
14 (1) Execute oversight of the corporation, the chief executive, and other management in
15 the effective and ethical management of the corporation;
16 (2) Understand, review and monitor the implementation of fundamental financial and
17 management controls and operational decisions of the corporation;
18 (3) Adopt a code of ethics applicable to each officer, director and employee of the
19 corporation that, at a minimum, includes the standards established in chapter 14 of title 36 ("Code
20 of Ethics");
21 (4) Adopt a mission statement expressing the purpose and goals of the corporation, a
22 description of the stakeholders of the corporation and their reasonable expectations from the
23 corporation and a list of measurements by which performance of the corporation and the
24 achievement of its goals may be evaluated. Each corporation shall at least once every three (3)
25 years publish a self-evaluation based on the stated measurements;
26 (5) Adopt and periodically update an indemnification policy which shall be set forth in
27 the bylaws of the corporation; and
28 (6) Perform each of their duties as board members, including, but not limited to, those
29 imposed by this section, in good faith and with that degree of diligence, care and skill which an
30 ordinarily prudent person in like position would use under similar circumstances, and ultimately
31 apply independent judgment in the best interest of the quasi-public corporation, its mission and
32 the public;
33 (b) Board members of quasi-public corporations shall establish and maintain written
34 policies and procedures for the following:

1 (1) Internal accounting and administrative controls in accordance with the provisions of
2 chapter 20 of title 35, the "Public Corporation Financial Integrity and Accountability Act of
3 1995":

4 (2) Travel, including lodging, meals and incidental expenses; provided, however, that no
5 reimbursement shall exceed the allowable state employee reimbursement amount per day;

6 (3) Grants, charitable and civic donations and/or contributions; provided, however, that
7 all such grants, donations or contributions shall be voted on by the full board during an open
8 meeting and the vote shall be recorded in the minutes of the meeting, together with:

9 (i) The citation to the specific state statute authorizing the action;

10 (ii) An explanation of how the grant, donation or contribution relates to the corporation's
11 mission;

12 (iii) The identity of each board member or employee of the corporation that will receive
13 any benefit from the grant, donation or contribution including without limitation tickets to events,
14 meals, and golf;

15 (iv) Any disclosure required by chapter 14 of title 36 ("Code of Ethics"); and

16 (v) Each such grant, donation or contribution shall be clearly identified in the financial
17 statements of the corporation.

18 (4) Credit card use; provided, however, that pursuant to § 35-20-10, no credit card shall
19 be used for personal use;

20 (5) Employee reimbursement, including requests by management for business expenses
21 and expenses classified as gifts or entertainment;

22 (6) Personnel, including hiring, dismissing, promoting and compensating employees of
23 the corporation;

24 (7) Marketing expenses; and

25 (8) Lobbyists' expenses.

26 (c) The written policies and procedures required by this section and any additional
27 written policies and procedures that the board may adopt shall be approved by the board during
28 an open meeting and the vote shall be recorded in the minutes of the meeting.

29 (d) No board member shall serve in a paid capacity as an employee or consultant of the
30 corporation.

31 42-155-5. Executive compensation. -- (a) Each quasi-public corporation shall establish a
32 committee on executive compensation comprised solely of board members which shall:

33 (1) Recommend to the full board the compensation packages of the executive and senior
34 management of the corporation. The compensation package of the executive officer shall be

1 based on a comprehensive and objective analysis of comparable compensation of similar officers
2 of state government, other authorities, quasi-public corporations, and private-sector employees
3 with similar functions and responsibilities. The committee may retain a consultant to assist in the
4 comparability study. When calculating compensation, the committee shall consider the value of
5 the retirement plan in the overall compensation package:

6 (2) Prepare clear written job descriptions and clear written expectations of job
7 performance for the executive officer and senior management:

8 (3) Conduct the job performance review of the executive officer at least annually; and

9 (4) Negotiate the employment contract of the executive officer which shall be approved
10 by the full board during an open meeting.

11 **42-155-6. Transparency requirements established. -- The following shall be public**
12 **and, available to the public upon request and posted directly or via direct link, on the website of**
13 **each quasi-public corporation:**

14 (1) Job descriptions of the executive director and management:

15 (2) Compensation comparability studies of the executive:

16 (3) Quarterly financial statements:

17 (4) Capital improvement plans:

18 (5) Operating budgets:

19 (6) Strategic plan:

20 (7) Agendas and minutes of the open meetings of the board:

21 (8) Quarterly contracting reports required by § 42-90-1:

22 (9) Regulations adopted by the quasi-public corporation:

23 (10) Enabling legislation:

24 (11) Mission statement:

25 (12) Board members:

26 (13) Organizational chart:

27 (14) By laws of the quasi-public corporation:

28 (15) All reports and audits required by this chapter.

29 **42-155-7. Audit of quasi-public corporations. -- (a) Commencing January 1, 2015, and**
30 **every five (5) years thereafter, each quasi-public corporation shall be subject to a performance**
31 **audit conducted in compliance with the generally acceptable governmental auditing standards, by**
32 **the chief of the bureau of audits. The chief, in collaboration with the quasi-public corporation,**
33 **shall determine the scope of the audit. To assist in the performance of an audit, the chief, in**
34 **collaboration with the quasi-public corporation, may procure the services of a certified public**

1 accounting firm, which shall be a subcontractor of the bureau of audits, and shall be under the
2 direct supervision of the bureau of audits. The chief of the bureau of audits shall establish a
3 rotating schedule identifying the year in which each quasi-public corporation shall be audited.
4 The schedule shall be posted on the website of the bureau of audits.

5 (b) The audit shall be conducted in conformance with chapter 7 of title 35 ("Post Audit of
6 Accounting").

7 (c) Each quasi-public corporation shall be responsible for costs associated with its own
8 audit. The chief and each quasi-public corporation shall agree upon reasonable costs for the audit,
9 not to exceed seventy-five thousand dollars (\$75,000), which shall be remitted to the bureau of
10 audits.

11 (d) The results of the audit shall be made public upon completion and posted on the
12 websites of the bureau of audits and the quasi-public corporation.

13 (e) For purposes of this section, a performance audit shall mean an independent
14 examination of a program, function, operation or the management systems and procedures of a
15 governmental or nonprofit entity to assess whether the entity is achieving economy, efficiency
16 and effectiveness in the employment of an available resources.

17 **42-155-8. Outside employment.** — No employee of a quasi-public corporation may
18 accept outside employment which will impair his or her judgment as to duties and responsibilities
19 in the course of employment with the quasi-public corporation. Generally, outside employment is
20 barred if the private employer can benefit from the official actions of the employee of the quasi-
21 public corporation.

22 **42-155-9. Rules and regulations and other statutes.** — When issuing rules and
23 regulations or any amendments to rules and regulations or when adopting by laws or amendments
24 to bylaws, each quasi-public corporation shall be subject to the provisions of chapter 35 of title 42
25 ("Administrative Procedures"). All quasi-public corporations shall comply with the provisions of
26 chapter 46 of title 42 ("Open Meetings"), chapter 2 of title 38 ("Access to Public Records"), and
27 chapter 14 of title 36 ("Code of Ethics").

28 **42-155-10. Severability.** — If any provision of this chapter or of any rule or regulation
29 made under this chapter, or its application to any person or circumstance is held invalid by a court
30 of competent jurisdiction, the remainder of the chapter, rule, or regulation and the application of
31 the provision to other persons or circumstances shall not be affected by this invalidity. The
32 invalidity of any section or sections or parts of any section or sections shall not affect the validity
33 of the remainder of the chapter.

1 SECTION 2. This act shall take effect on January 1, 2015.

LC004073/SUB A

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

AN ACT
RELATING TO STATE AFFAIRS AND GOVERNMENT - QUASI-PUBLIC
CORPORATIONS ACCOUNTABILITY AND TRANSPARENCY ACT

- 1 This act would impose standards of accountability and transparency on quasi-public
2 corporations.
3 This act would take effect on January 1, 2015.

LC004073/SUB A