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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - RHODE ISLAND ECONOMIC
DEVELOPMENT CORPORATION

Introduced By: Senators Sheehan, Picard, Miller, Lynch, and Algiere

Date Introduced: January 09, 2014

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 42-64-1.1, 42-64-7.5 and 42-64-8 of the General Laws in Chapter
2 42-64 entitled "Rhode Island Commerce Corporation" are hereby amended to read as follows:

3 **42-64-1.1. Change of name. [Effective January 1, 2014.] --** (a) The corporation known
4 as the "Rhode Island Economic Development Corporation" shall now be known as the "Rhode
5 Island Commerce Corporation." Whenever in any general law, ~~or~~ public law, rule, regulation
6 and/or bylaw, reference is made to the "department of economic development" or the "Rhode
7 Island port authority and economic development corporation", or the "Rhode Island economic
8 development corporation", the reference shall be deemed to refer to and mean the "Rhode Island
9 commerce corporation," which may also be referred to as the "commerce corporation."

10 (b) Whenever in any general or public law, reference is made to the "director of the
11 department of economic development" or the "executive director of the Rhode Island port
12 authority and economic development corporation", the reference shall be deemed to refer to and
13 mean the "executive director of the Rhode Island economic development corporation". Upon the
14 appointment of a secretary of commerce; whenever in any general or public law, reference is
15 made to the "director of the department of economic development" or the "executive director of
16 the Rhode Island port authority and economic development corporation," of the executive director
17 of the Rhode Island economic development corporation," the reference shall be deemed to refer to
18 and mean the chief executive officer of the Rhode Island commerce corporation, who shall also

1 be the secretary of the Rhode Island executive office of commerce.

2 (c) Whenever in any general or public law, reference is made to the "economic
3 development council", the reference shall be deemed to refer to and mean the "board of directors
4 of the Rhode Island commerce corporation".

5 (d) Nothing in this act shall be construed to change or modify the corporate existence of
6 the former Rhode Island economic development corporation, which shall now be known as the
7 "Rhode Island commerce corporation," or to change or modify any contracts or agreements of
8 any kind by, for, between, or to which the economic development corporation is a party or to
9 effect in any way the property or assets of the Rhode Island economic development corporation.
10 The commerce corporation is the successor in interest to the Rhode Island economic development
11 corporation and the secretary of state shall change the name of the corporation on the articles of
12 incorporation on file with the secretary of state from the Rhode Island economic development
13 corporation to the Rhode Island commerce corporation effective as of January 1, 2014. All said
14 contracts and agreements of whatsoever kind are hereby assigned, transferred to, and assumed by
15 the Rhode Island Commerce Corporation.

16 ~~**42-64-7.5. Transfer of functions from the economic development corporation.**~~
17 ~~**[Effective January 1, 2014.] Acceptance of federal grants--** (a) Effective January 1, 2014, all~~
18 ~~functions formerly administered by the Rhode Island economic development corporation are~~
19 ~~hereby transferred to the Rhode Island commerce corporation. Also effective January 1, 2014, the~~
20 ~~commerce corporation shall assume all rights, duties, liabilities, and obligations of the former~~
21 ~~economic development corporation, and the commerce corporation shall be considered to be the~~
22 ~~successor in interest to the economic development corporation.~~

23 ~~(b)~~ In addition to any of its other powers and responsibilities, the Rhode Island
24 commerce corporation is authorized and empowered to accept any grants made available by the
25 United States government or any agency of the United States government, and the corporation,
26 with the approval of the governor, is authorized and empowered to perform any acts and enter
27 into all necessary contracts and agreements with the United States or any agency of the United
28 States as may be necessary in any manner and degree that shall be deemed to be in the best
29 interests of the state. The proceeds of any grants received shall be paid to the general treasurer of
30 the state and deposited in a separate fund to be used solely for the purposes of the grant or grants.

31 **42-64-8. Directors, officers, and employees. [Effective January 1, 2014.] --** (a) The
32 powers of the Rhode Island commerce corporation shall be vested in a board of directors
33 consisting of thirteen (13) members.

34 (1) The governor shall serve as a member of the board and as chairperson, ex-officio,

1 who shall vote only in the event of a tie.

2 (2) In addition to the governor, the membership of the board shall consist of twelve (12)
3 public members to be appointed by the governor.

4 (3) Each gubernatorial appointee shall be subject to the advice and consent of the senate
5 and no one shall be eligible for appointment unless he or she is a resident of this state. The
6 membership of the board shall reflect the geographic diversity of the state. Four (4) of the public
7 members shall be owners or principals of small businesses doing business in this state which are
8 independently owned and operated and which employs one hundred (100) or fewer persons. One
9 other of the public members shall be a representative of organized labor. One other of the public
10 members shall be a representative of higher education. One other of the public members shall be
11 a representative from the governor's work force board. One other of the public members shall be a
12 representative of a minority business. One other of the public members shall be appointed on an
13 interim basis by the governor when a project plan of the corporation situated on federal land is
14 disapproved by the governing body of a municipality in accordance with ~~section~~ § 42-64-
15 13(a)(4). The member shall be the mayor of the municipality within whose borders all or a
16 majority of the project plan is to be carried out, or in a municipality, which has no mayor, the
17 member shall be the president of the town or city council. The appointed interim member shall
18 have all the powers of other members of the board only in its deliberations and action on the
19 disapproval of the project plan situated on federal land and within the borders of his or her
20 municipality. Upon final action by the board pursuant to ~~section~~ § 42-64-13(a)(5), the interim
21 member's term of appointment shall automatically terminate.

22 (4) It shall be the responsibility of the corporation to conduct a training course for newly
23 appointed and qualified members and new designees of ex-officio members within six (6) months
24 of their qualification or designation. The course shall be developed by the executive director of
25 the corporation or his or her designee, be approved by the board, and conducted by the executive
26 director or his or her designee. The board may approve the use of any board or staff members or
27 other individuals to assist with training. The training course shall include instruction in the
28 following areas: the provisions of the entirety of chapter 64 of this title and of chapters 46 of this
29 title, 14 of title 36, and 2 of title 38 of the Rhode Island general laws; and the board's rules and
30 regulations. The director of the department of administration shall, within ninety (90) days of July
31 15, 2005, prepare and disseminate materials relating to the provisions of chapters 46 of this title,
32 14 of title 36, and 2 of title 38.

33 (5) Members of the board shall be removable by the governor, pursuant to the provisions
34 of ~~section~~ § 36-1-7 and for cause only, and removal solely for partisan or personal reasons

1 unrelated to capacity or fitness for the office shall be unlawful.

2 (6) ~~The five (5) current members of the board of directors who were duly appointed and~~
3 ~~who have unexpired terms shall continue as directors of the corporation until February 1, 2010,~~
4 ~~and thereafter until their successors are appointed and qualified. Upon passage of this act, the~~
5 ~~governor shall appoint seven (7) members to the board, with~~ The terms for the members of the
6 board of directors were established by the appointment of twelve (12) directors in 2010 with the
7 directors' initial terms expiring as follows: three (3) members shall have terms expiring on
8 February 1, 2011; three (3) members shall have terms expiring on February 1, 2012; ~~and one~~
9 ~~member~~ three (3) members shall have ~~a term~~ terms expiring on February 1, 2013; ~~-In January~~
10 ~~2010, the governor shall appoint five (5) members to the board with terms expiring as follows:~~
11 ~~two (2) members shall have terms expiring on February 1, 2013~~ and three (3) members shall have
12 terms expiring on February 1, 2014. Beginning in 2011 and annually thereafter, during the month
13 of January, the governor shall appoint a member or members to succeed the member or members
14 whose terms will then next expire to serve for a term of four (4) years commencing on the first
15 day of February and then next following, and thereafter until the successors are appointed and
16 qualified. Beginning in 2011 and annually thereafter the governor shall appoint owners or
17 principals of small businesses doing business in this state ~~which~~ that are independently owned
18 and operated, and ~~which~~ that employs one hundred (100) or fewer persons. The members of the
19 board shall be eligible to succeed themselves, but only upon reappointment and with senate
20 advice and consent. ~~The current members of the board of directors of the Rhode Island economic~~
21 ~~development corporation who were duly appointed and who have unexpired terms shall be~~
22 ~~considered as directors of the corporation until their terms expire, and thereafter until their~~
23 ~~successors are appointed and qualified.~~

24 (7) In the event of a vacancy occurring in the office of a member by death, resignation or
25 otherwise, that vacancy shall be filled in the same manner as an original appointment, but only for
26 the remainder of the term of the former member.

27 (b) The directors shall receive no compensation for the performance of their duties under
28 this chapter, but each director shall be reimbursed for his or her reasonable expenses incurred in
29 carrying out those duties. A director may engage in private employment, or in a profession or
30 business.

31 (c) The chairperson shall designate a vice chairperson from among the members of the
32 board who shall serve at the pleasure of the chairperson. A majority of directors holding office
33 shall constitute a quorum, and, except as otherwise provided in ~~section §~~ § 42-64-13, any action to
34 be taken by the corporation under the provisions of this chapter may be authorized by resolution

1 approved by a majority of the directors present and entitled to vote at any regular or special
2 meeting at which a quorum is present. A vacancy in the membership of the board of directors
3 shall not impair the right of a quorum to exercise all of the rights and perform all of the duties of
4 the corporation.

5 (d) The chief executive officer of the corporation shall be executive director of the
6 corporation until such time that the secretary of commerce is appointed. Upon the appointment of
7 a secretary of commerce, the secretary of commerce shall be the commerce corporation's chief
8 executive officer and responsible for the management of the corporation. There shall be a chief
9 operating officer (COO) of the corporation and he/she shall be appointed by the secretary of
10 commerce. The COO shall be the chief administrative officer of the corporation and responsible
11 for the day-to-day management of the corporation. The COO shall be a professional in the area of
12 economic development; management of economic development corporations; and shall hold the
13 requisite experience and education as established by the secretary and board.

14 (e) The board of directors shall appoint a secretary and such additional officers and staff
15 members as they shall deem appropriate and shall determine the amount of reasonable
16 compensation, if any, each shall receive. The board of directors may vest in the executive
17 director, or the director's subordinates, and, upon the appointment of a secretary of commerce, the
18 chief operating officer or the chief operating officer's subordinates, the authority to appoint
19 additional staff members and to determine the amount of compensation each individual shall
20 receive.

21 (f) No full-time employee shall, during the period of his or her employment by the
22 corporation, engage in any other private employment, profession or business, except with the
23 approval of the board of directors.

24 (g) Notwithstanding any other law to the contrary, it shall not be or constitute a conflict
25 of interest for a director, officer, or employee of any financial institution, investment banking
26 firm, brokerage firm, commercial bank, trust company, building-loan association, architecture
27 firm, insurance company, or any other firm, person, or corporation to serve as a director of the
28 corporation, nor shall any contract or transaction between the corporation and a financial
29 institution, investment banking firm, brokerage firm, commercial bank, trust company, building-
30 loan association, architecture firm, insurance company, or other firm, person, or corporation be
31 void or voidable by reason of that service as director of the corporation. If any director, officer, or
32 employee of the corporation shall be interested either directly or indirectly, or shall be a director,
33 officer, or employee of or have an ownership interest (other than as the owner of less than one
34 percent (1%) of the shares of a publicly-held corporation) in any firm or corporation interested

1 directly or indirectly in any contract with the corporation, that interest shall be disclosed to the
2 corporation and set forth in the minutes of the corporation, and the director, officer, or employee
3 having that ownership interest shall not participate on behalf of the corporation in the
4 authorization of that contract. Interested directors may be counted in determining the presence of
5 a quorum at a meeting of the board of directors of the corporation; ~~which~~ that authorizes the
6 contract or transaction.

7 (h) Any action taken by the corporation under the provisions of this chapter may be
8 authorized by vote at any regular or special meeting; and each vote shall take effect immediately.
9 The corporation shall be subject to the provisions of chapter ~~42-46~~ 46 of title 42 ("Open
10 Meetings") and chapter ~~38-2~~ 2 of title 38 ("Access to Public Records").

11 (i) The board of directors may designate from among its members an executive
12 committee and one or more other committees each of which, to the extent authorized by the board
13 of directors, shall have and may exercise all of the authority of the board of directors, but no
14 executive committee shall have the authority of the board of directors in reference to the
15 disposition of all or substantially all of the property and assets of the corporation, amending the
16 by-laws of the corporation; exercising the condemnation power conferred upon the corporation
17 by ~~section § 42-64-9;~~ or taking actions described or referred to in ~~section § 42-64-13(a).~~

18 (j) The board shall create a capital finance subcommittee ~~which~~ that shall be responsible
19 for drafting for board approval a set of guidelines, principals, and processes for all loans, loan
20 guarantees, and financing programs. The guidelines shall contain a set of metrics ~~which~~ that the
21 board can use to determine the effectiveness of each program and to inform the governor and the
22 general assembly of the outcome of the various programs and to determine if there is need for
23 modification, continuance, or termination. The guidelines shall also contain measures to annually
24 review the outstanding loan and loan guarantee programs to determine if the loans and loan
25 guarantees were granted in accordance with the board's guidelines and principals and to
26 determine the risk factors normally used by lending institutions to determine risk and potential for
27 repayment. The board shall also implement the provisions of ~~sections §§~~ §§ 42-64-36 and 42-64-37.

28 (k) Any action required by this chapter to be taken at a meeting of the board of directors,
29 or any action ~~which~~ that may be taken at a meeting of the board of directors, or committee of the
30 board of directors, may be taken without a meeting if a consent in writing, setting forth the action
31 to be taken, shall be signed before or after that action by all of the directors, or all of the members
32 of the committee, as the case may be.

33 (l) Employees of the corporation shall not, by reason of their employment, be deemed to
34 be employees of the state for any purpose, any other provision of the general laws to the contrary

1 notwithstanding, including, without limiting the generality of the foregoing, chapters 29, 39, and
2 42 of title 28 and chapters 4, 8, 9, and 10 of title 36.

3 (m) The board shall create a set of metrics and reporting requirements to disclose the
4 programs and services offered or provided by the corporation and the effectiveness of each
5 offering. The board shall develop an annual report containing these metrics and shall submit the
6 report to the governor and the general assembly. The annual report shall also contain
7 recommendations for improving the business climate within the state and other actions the board
8 deems necessary to improve its effectiveness.

9 SECTION 2. Section 42-64.3-3.1 of the General Laws in Chapter 42-64.3 entitled
10 "Distressed Areas Economic Revitalization Act" is hereby amended to read as follows:

11 **42-64.3-3.1. Enterprise zone council. [Effective January 1, 2014.]** -- (a) There is
12 created within the Rhode Island commerce corporation the "enterprise zone council," which shall
13 consist of five (5) members to be appointed by the governor; one member shall be the executive
14 director of the Rhode Island commerce corporation; one member shall represent the urban league
15 of Rhode Island; one member shall represent the Rhode Island League of Cities and Towns; and
16 two (2) members from the general public. The governor shall designate one member to serve as
17 chairperson of the enterprise zone council.

18 (b) The members shall be appointed for terms of five (5) years each; provided, however,
19 of the members originally appointed, one shall be appointed for a term of one year, one shall be
20 appointed for a term of two (2) years, one shall be appointed for a term of three (3) years, one
21 shall be appointed for a term of four (4) years and one shall be appointed for a term of five (5)
22 years.

23 (c) In carrying out its powers and duties under this chapter, the council shall utilize the
24 staffs and resources of the division of statewide planning and the Rhode Island economic
25 development corporation. Those agencies and other departments and agencies of state
26 government shall cooperate with the council in carrying out its mandate under this chapter.

27 (d) The council shall promulgate rules and regulations necessary to implement the intent
28 of this chapter.

29 ~~(e) Transfer of functions from the Rhode Island economic development corporation~~
30 ~~enterprise zone council. All functions formerly administered by the Rhode Island economic~~
31 ~~development corporation's enterprise zone council are hereby transferred to the Rhode Island~~
32 ~~commerce corporation.~~

1 SECTION 3. This act shall take effect upon passage and apply retroactively to January 1,
2 2014.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - RHODE ISLAND ECONOMIC
DEVELOPMENT CORPORATION

1 This act would make technical changes to the establishment of the Rhode Island
2 Commerce Corporation, allow it to accept federal grants, and establish a twelve (12) member
3 board of directors, all having three (3) year terms.

4 This act would take effect upon passage and apply retroactively to January 1, 2014.

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