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LC02650/SUB A
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2009

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- ECONOMIC DEVELOPMENT
CORPORATION

Introduced By: Senators Felag, Paiva-Weed, Connors, Algieri, and Bates

Date Introduced: May 27, 2009

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-64-8 of the General Laws in Chapter 42-64 entitled "Rhode
2 Island Economic Development Corporation" is hereby amended to read as follows:

3 **42-64-8. Directors, officers, and employees.** -- (a) The powers of the Rhode Island
4 economic development corporation shall be vested in a board of directors consisting of ~~nine (9)~~
5 thirteen (13) members.

6 (1) The governor shall serve as a member of the board and as chairperson, ex-officio,
7 who shall vote only in the event of a tie.

8 (2) In addition to the governor, the membership of the board shall consist of ~~eight (8)~~
9 twelve (12) public members to be appointed by the governor.

10 (3) Each gubernatorial appointee shall be subject to the advice and consent of the senate
11 and no one shall be eligible for appointment unless he or she is a resident of this state. The
12 membership of the board shall reflect the geographic diversity of the state. One of the public
13 members shall serve as small business ombudsperson, and shall be an owner or principal of a
14 small business doing business and located in this state, that is independently owned and operated
15 and not dominant in its field, and that employs one hundred (100) or fewer persons at the time of
16 his or her appointment. The small business ombudsperson shall advocate all action as Directors
17 that may be necessary and proper to maintain and encourage the continued viability of small
18 businesses in the state. One other of the public members shall be a representative of organized

1 labor. One other of the public members shall be a representative of higher education. One other of
2 the public members shall be appointed on an interim basis by the governor when a project plan of
3 the corporation situated on federal land is disapproved by the governing body of a municipality in
4 accordance with section 42-64-13(a)(4). The member shall be the mayor of the municipality
5 within whose borders all or a majority of the project plan is to be carried out, or in a municipality,
6 which has no mayor, the member shall be the president of the town or city council. The appointed
7 interim member shall have all the powers of other members of the board only in its deliberations
8 and action on the disapproval of the project plan situated on federal land and within the borders of
9 his or her municipality. Upon final action by the board pursuant to section 42-64-13(a)(5), the
10 interim member's term of appointment shall automatically terminate.

11 (4) It shall be the responsibility of the corporation to conduct a training course for newly
12 appointed and qualified members and new designees of ex-officio members within six (6) months
13 of their qualification or designation. The course shall be developed by the executive director of
14 the corporation or his or her designee, be approved by the board, and conducted by the executive
15 director or his or her designee. The board may approve the use of any board or staff members or
16 other individuals to assist with training. The training course shall include instruction in the
17 following areas: the provisions of the entirety of chapter 64 of this title and of chapters 46 of this
18 title, 14 of title 36, and 2 of title 38 of the Rhode Island general laws; and the board's rules and
19 regulations. The director of the department of administration shall, within ninety (90) days of July
20 15, 2005, prepare and disseminate materials relating to the provisions of chapters 46 of this title,
21 14 of title 36, and 2 of title 38.

22 (5) Members of the board shall be removable by the governor, pursuant to the provisions
23 of section 36-1-7 and for cause only, and removal solely for partisan or personal reasons
24 unrelated to capacity or fitness for the office shall be unlawful.

25 (6) The five (5) current members of the board of directors who ~~are not appointees of the~~
26 ~~speaker or president and, furthermore,~~ were duly appointed ~~before July 15, 2005~~ and who have
27 unexpired terms shall continue as directors of the corporation ~~for the remainder of their appointed~~
28 ~~terms until February 1, 2010,~~ and thereafter until their successors are appointed ~~to the board of~~
29 ~~directors and have qualified. Annually~~ and qualified. Upon passage of this act, the governor shall
30 appoint seven (7) members to the board, with terms expiring as follows: three (3) members shall
31 have terms expiring on February 1, 2011; three (3) members shall have terms expiring on
32 February 1, 2012; and one member shall have a term expiring on February 1, 2013. In January
33 2010, the governor shall appoint five (5) members to the board with terms expiring as follows:
34 two (2) members shall have terms expiring on February 1, 2013 and three (3) members shall have

1 terms expiring on February 1, 2014. Beginning in 2011 and annually thereafter, during the month
2 of January, the governor shall appoint a member or members to succeed the member or members
3 whose terms will then next expire to serve for a term of four (4) years commencing on the first
4 day of February and then next following, and thereafter until the successors are appointed and
5 qualified. The members of the board shall be eligible to succeed themselves, but only upon
6 reappointment and with senate advice and consent. ~~The legislative members of the board of~~
7 ~~directors shall cease to be on the board as of July 15, 2005.~~

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

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

15 (c) The chairperson shall designate a vice chairperson from among the members of the
16 board who shall serve at the pleasure of the chairperson. ~~Five (5) directors~~ A majority of directors
17 holding office shall constitute a quorum, and, except as otherwise provided in section 42-64-13,
18 any action to be taken by the corporation under the provisions of this chapter may be authorized
19 by resolution approved by a majority of the directors present and entitled to vote at any regular or
20 special meeting at which a quorum is present. A vacancy in the membership of the board of
21 directors shall not impair the right of a quorum to exercise all of the rights and perform all of the
22 duties of the corporation.

23 (d) The chief executive officer of the corporation shall be executive director of the
24 corporation, appointed by the governor with the advice and consent of the senate. The executive
25 director shall hold office for the term of three (3) years from the time of his or her appointment
26 and until his or her successor is duly appointed and qualified. The director shall be eligible for
27 reappointment, and shall not engage in any other occupation. The executive director of the
28 corporation shall be entitled to receive for his or her services any reasonable compensation as the
29 board of directors may determine.

30 (e) The board of directors shall appoint a secretary and such additional officers and staff
31 members as they shall deem appropriate and shall determine the amount of reasonable
32 compensation, if any, each shall receive. The board of directors may vest in the executive
33 director, or the director's subordinates, the authority to appoint additional staff members and to
34 determine the amount of compensation each individual shall receive.

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

4 (g) Notwithstanding any other law to the contrary, it shall not be or constitute a conflict
5 of interest for a director, officer, or employee of any financial institution, investment banking
6 firm, brokerage firm, commercial bank, trust company, building-loan association, architecture
7 firm, insurance company, or any other firm, person, or corporation to serve as a director of the
8 corporation, nor shall any contract or transaction between the corporation and a financial
9 institution, investment banking firm, brokerage firm, commercial bank, trust company, building-
10 loan association, architecture firm, insurance company, or other firm, person, or corporation be
11 void or voidable by reason of that service as director of the corporation. If any director, officer, or
12 employee of the corporation shall be interested either directly or indirectly, or shall be a director,
13 officer, or employee of or have an ownership interest (other than as the owner of less than one
14 percent (1%) of the shares of a publicly-held corporation) in any firm or corporation interested
15 directly or indirectly in any contract with the corporation, that interest shall be disclosed to the
16 corporation and set forth in the minutes of the corporation, and the director, officer, or employee
17 having that ownership interest shall not participate on behalf of the corporation in the
18 authorization of that contract. Interested directors may be counted in determining the presence of
19 a quorum at a meeting of the board of directors of the corporation, which authorizes the contract
20 or transaction.

21 (h) Any action taken by the corporation under the provisions of this chapter may be
22 authorized by vote at any regular or special meeting, and each vote shall take effect immediately.
23 All meetings shall be open to the public and all records shall be a matter of public record except
24 that if a majority of the board of directors decides that it would be in the best interests of the
25 corporation and the state to hold an executive session in private, then the board of directors is
26 authorized to transact any business it deems necessary at that executive session in private, and the
27 record of the executive session shall not become a matter of public record until the transaction
28 discussed has in the opinion of the board of directors been completed.

29 (i) The board of directors may designate from among its members an executive
30 committee and one or more other committees each of which, to the extent authorized by the board
31 of directors, shall have and may exercise all of the authority of the board of directors, but no
32 executive committee shall have the authority of the board of directors in reference to the
33 disposition of all or substantially all of the property and assets of the corporation, amending the
34 by-laws of the corporation, exercising the condemnation power conferred upon the corporation by

1 section 42-64-9 or taking actions described or referred to in section 42-64-13(a).

2 (j) Any action required by this chapter to be taken at a meeting of the board of directors,
3 or any action which may be taken at a meeting of the board of directors, or committee of the
4 board of directors, may be taken without a meeting if a consent in writing, setting forth the action
5 to be taken, shall be signed before or after that action by all of the directors, or all of the members
6 of the committee, as the case may be.

7 (k) Employees of the corporation shall not, by reason of their employment, be deemed to
8 be employees of the state for any purpose, any other provision of the general laws to the contrary
9 notwithstanding, including, without limiting the generality of the foregoing, chapters 29, 39, and
10 42 of title 28 and chapters 4, 8, 9, and 10 of title 36.

11 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- ECONOMIC DEVELOPMENT
CORPORATION

- 1 This act would increase the number of the members of the economic development
- 2 corporation from nine (9) to thirteen (13).
- 3 This act would take effect upon passage.

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