

2010 -- S 2731

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - ECONOMIC DEVELOPMENT
CORPORATION

Introduced By: Senators Raptakis, Cote, DiPalma, Maher, and Blais

Date Introduced: March 25, 2010

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

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

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

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

9 (2) In addition to the governor, the membership of the board shall consist of twelve (12)
10 public members to be appointed by the governor, four (4) of whom shall be owners or principals
11 of small businesses doing business in this state which are independently owned and operated and
12 not dominant in their field, and which employs one hundred (100) or fewer persons.

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

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

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

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

27 (6) The five (5) current members of the board of directors who were duly appointed and
28 who have unexpired terms shall continue as directors of the corporation until February 1, 2010,
29 and thereafter until their successors are appointed and qualified. Upon passage of this act, the
30 governor shall appoint seven (7) members to the board, with terms expiring as follows: three (3)
31 members shall have terms expiring on February 1, 2011; three (3) members shall have terms
32 expiring on February 1, 2012; and one member shall have a term expiring on February 1, 2013. In
33 January 2010, the governor shall appoint five (5) members to the board with terms expiring as
34 follows: two (2) members shall have terms expiring on February 1, 2013 and three (3) members

1 shall have terms expiring on February 1, 2014. Beginning in 2011 and annually thereafter, during
2 the month of January, the governor shall appoint a member or members to succeed the member or
3 members whose terms will then next expire to serve for a term of four (4) years commencing on
4 the first day of February and then next following, and thereafter until the successors are appointed
5 and qualified. Beginning in 2011 and annually thereafter the governor shall appoint owners or
6 principals of small businesses doing business in this state which are independently owned and
7 operated and not dominant in their field, and which employs one hundred (100) or fewer persons,
8 until such time as the requirements of this section are fulfilled. The members of the board shall be
9 eligible to succeed themselves, but only upon reappointment and with senate advice and consent.

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

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

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

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

32 (e) The board of directors shall appoint a secretary and such additional officers and staff
33 members as they shall deem appropriate and shall determine the amount of reasonable
34 compensation, if any, each shall receive. The board of directors may vest in the executive

1 director, or the director's subordinates, the authority to appoint additional staff members and to
2 determine the amount of compensation each individual shall receive.

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

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

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

31 (i) The board of directors may designate from among its members an executive
32 committee and one or more other committees each of which, to the extent authorized by the board
33 of directors, shall have and may exercise all of the authority of the board of directors, but no
34 executive committee shall have the authority of the board of directors in reference to the

1 disposition of all or substantially all of the property and assets of the corporation, amending the
2 by-laws of the corporation, exercising the condemnation power conferred upon the corporation by
3 section 42-64-9 or taking actions described or referred to in section 42-64-13(a).

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

9 (k) Employees of the corporation shall not, by reason of their employment, be deemed to
10 be employees of the state for any purpose, any other provision of the general laws to the contrary
11 notwithstanding, including, without limiting the generality of the foregoing, chapters 29, 39, and
12 42 of title 28 and chapters 4, 8, 9, and 10 of title 36.

13 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 require the governor to appoint small business owners to four (4) of the
- 2 twelve (12) seats on the board of directors for the economic development corporation.
- 3 This act would take effect upon passage.

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