

Stolzman, Rob

From: Stolzman, Rob
Sent: Wednesday, March 31, 2010 6:50 PM
To: 'Stokes, Keith'; Saul, Michael; Hashway, Fred
Cc: Maureen E. Gurghigian (mgurghigian@firstsw.com); Campellone, Paul
Subject: RIEDC/38 Studios
Attachments: RIEDC_to Governor Donald L Carcieri from Keith Stokes.DOC; 38 Studios RIEDC Letter 3_31 Marked Draft.DOC; 38 Studios RIEDC Letter 3_31 Clean Draft.DOC; Budget Article for RIEDC - Kushner - 2010 re_ Debt Management Act Joint Resolutions - 3_31_10.DOC

Hi all. I am attaching a draft of a very short memorandum from Keith Stokes to Governor Carcieri summarizing where we are to date. That memo is very simple and we should attach to that information you have on the gaming industry and on 38 Studios. I also attach a marked and clean draft of a proposed letter of intent between the RIEDC and 38 Studios reflecting the discussions to date. Finally, I attach a form of "Kushner" that authorizes the "job creation guaranty program" that the leadership and RIEDC have been discussing. Note that in the Kushner and in the draft LOI I have referred to the moral obligation in the form of either a moral obligation bond or a guarantee of annual debt service of the RIEDC.

I'm copying Maureen and Paul on this to see if they have any comments before we circulate this beyond our working group on this email.

Michael Corso, for 38 Studios has already begun asking to see the Kushner, and Sharon Reynolds from House Finance also called on behalf of Chairman Costantino, and we exchanged calls, so I imagine we will be under pressure to start circulating drafts tomorrow. Take a look and let me know your thoughts.

Yours,

Rob

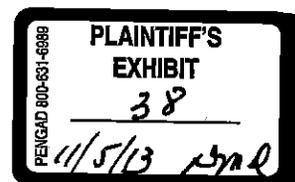
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ADLER POLLOCK & SHEEHAN P.C.

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MEMORANDUM

TO: GOVERNOR DONALD L. CARCIERI

FROM: KEITH STOKES
RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

DATED: MARCH 31, 2010

RE: 38 STUDIOS

Governor, as you know, we have been meeting with Curt Schilling and his company, 38 Studios, regarding their potential relocation to and expansion in Rhode Island.

The company currently has 80 employees in Maynard, Massachusetts, and 85 employees in Baltimore, Maryland. The company would commit to bringing 125 new employees to Rhode Island by December 31, 2010, add an additional 175 by the end of 2011 and another 150 employees to Rhode Island by the end of 2012 (for a total of 450 employees with an average salary per employee of \$75,000 per year). It appears as if the company's current creative and management team are very experienced and well-regarded in the industry.

The company is a video game and digital media design and production company that is developing a game product which will be released in two stages. The first stage is what is commonly called an RPG (roll playing game for single player on a multi-platform console – e.g., PlayStation and Xbox). The software is sold to consumers and played on their consoles. The second phase of the product is what is called a “massively multiplayer online game” (MMOG) which in addition to software sales maintains a continuing revenue stream through online subscriptions.

The RPG phase of the game has a guaranteed publication and distribution contract with Electronic Arts (EA), an industry leader in publication and distribution. The EA commitment is valued at \$50,000,000 with release of the game scheduled for September 2011. 38 Studios conservatively estimates gross revenues on the first phase of the game at \$450,000,000 through 2015, with net revenues during that same period of \$150,000,000. The MMOG phase of the game is anticipated to be released in late 2012 with estimated revenues of \$700,000,000 through 2015, with net revenues of \$420,000,000 during the same period (assuming self publication).

38 Studios has raised approximately \$40,000,000 of capital (equity) so far, with Curt Schilling providing approximately 75% of that in his own equity contribution. The company indicates that it has an additional \$35,000,000 to \$40,000,000 of equity committed. In addition to that additional committed equity, the company needs approximately \$75,000,000 to complete the intellectual property development and production of both the RPG and the MMO phase of the game. While an additional equity raise if feasible, the current equity participants would rather

finance the balance of the project through debt in order to maintain their equity positions and a larger share of revenue returns.

Subject to further due diligence, we have proposed backing commercial loans to the company with a moral obligation guarantee or bond issued by the Rhode Island Economic Development Corporation upon the approval of the General Assembly. In exchange for the moral obligation credit enhancement of the debt, 38 Studios would immediately commence developing new employment in Rhode Island by commencing the relocation of its Maynard, Massachusetts facility to Rhode Island, move the Baltimore facility to Rhode Island upon completion of the RPG (the RPG of which is being completed in Baltimore) and quickly ramp up the additional IP, art, sound and design technicians necessary to complete the game, thereby implementing the employment ramp up indicated above. The company would pay the state \$7,500 per year for every job it fails to create below the minimum targets above.

The benefits of this transaction are multi-fold. In order of accomplishment, but not in order of economic development policy, the benefits would be as follows. First, we would achieve benefit of the movement of a high profile company and owner to the state. Second, we would obtain 450 new jobs quickly. Third, this industry is four-square in line with the "knowledge economy" policies you've been advocating (creative, innovative, high wage, growth industry, sustainable and education based). Fourth, this industry has a very high spin-off and ancillary/secondary market impact. Fifth, 38 Studios is already very committed to recruiting talent from RISD, Harvard, WPI and MIT. Of these schools, RISD is a clear company favorite, and the company is willing to further commit to branding itself and its educational relationships with RISD (and they've expressed an interest in Brown's digital acoustics and music programs).

In addition to some general industry and company information, also attached hereto are a form of letter of intent between the RIEDC and 38 Studios and a form of "Kushner" authorization for consideration by you and the general assembly. Our preliminary discussions with the legislative leadership indicate that they are supportive of this approach. In addition, they have suggested, and the draft Kushner reflects, that the Kushner authorization should be larger than only the needs of 38 Studios so a larger access to capital program may be developed.

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RIEDC Letterhead

~~March~~ April, 2010

Mr. Curt Schilling, Chairman
38 Studios
5 Clock Tower Place, Suite 140
Maynard, MA 01754

Ms. Jen MacLean, CEO
38 Studios
5 Clock Tower Place, Suite 140
Maynard, MA 01754

Re: 38 Studios/Rhode Island

Dear Mr. Schilling and Ms. MacLean:

We are pleased to present this outline of terms pursuant to which the Rhode Island Economic Development Corporation ("RIEDC") will commence undertaking actions to provide economic development incentives debt credit enhancement to 38 Studios LLC (hereafter "38 Studios" or the "company") and 38 Studios will commence locating and expanding its businesses in Rhode Island.

We very much appreciate the value your company brings to the video gaming and interactive digital media industry, and we think that Rhode Island can be the perfect home for you. We also appreciate your company's culture, background and industry acumen. Your assessment of your industry opportunities, your assembly of talent at all levels of your company, your investments to date, your human resources needs and your desire to grow are aligned perfectly with Rhode Island's knowledge economy and design resources.

The Rhode Island Economic Development Corporation ("RIEDC"), RIEDC, as the State's economic development agency, offers you the following tools to consider in relocating your businesses to Rhode Island:

Product Development Financing

We understand your capital needs to bring your project Copernicus to MMO completion to be \$75,000,000. Based on our understanding to date of your financial projections, the RIEDC would either guarantee the repayment annual debt service of up to \$75M of the company's borrowing or issue \$75M of revenue bonds, the proceeds of either of which would provide the necessary financing to complete production on Copernicus and begin relocating 38 Studios to Rhode Island. We anticipate that these guaranteed loans would be made by, or bonds would be purchased by or through, a lender or lenders familiar with your industry. As your company is in the unusual position of having pipeline

Mr. Schilling and Ms. MacLean

March-April __, 2010

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product and contractual commitments for product publishing and distribution, but as yet is "pre revenue", we recognize the market for these ~~bonds~~ ~~bonds~~ or loans would be limited without credit enhancement. Accordingly, we would ~~submit immediately request~~ ~~this bond issue for approval to~~ the Rhode Island General Assembly, which currently is in session, ~~for approval by it~~ ~~to~~ authorize the RIEDC to guarantee the annual debt service of the loans or, in the case of the ~~bonds~~, to use an available capital reserve mechanism by which the General Assembly may consider on an annual basis funding any shortfall of any loan payments necessary to pay the bondholders, thereby creating for this issue what is commonly called a "moral obligation" guaranty for the bondholder(s). ~~This financing~~ ~~the guarantee or the bond documents~~ would reflect the following terms and conditions and be subject to the following general parameters all of which will be more fully articulated in traditional ~~loan~~ documentation:

Borrower: 38 Studios.

Loan Amount: \$75,000,000

Purpose: For all associated business expenses related to operations, product development and deployment by 38 Studios in conjunction with its business development and expansion in Rhode Island.

Rate: Market for bond issues of this type as negotiated with bond purchaser.

Term: Negotiable, likely 10 years with a portion of capitalized interest in early year(s) with early recapture as discussed below.

Collateral: collateral assignment of all assets of company now owned and hereafter acquired including but not limited to intellectual property, licenses, licensing fees, distribution and publishing contracts, receivables and work product. We recognize that a portion of the company's assets are held in a wholly owned subsidiary, the ownership interest of which will be pledged to the RIEDC, and that such assets are otherwise currently pledged in connection with the publishing agreement with Electronic Arts and currently are unavailable as collateral for this credit facility, but such assets will be pledged as collateral for this credit facility upon completion and publication of the company's console phase of the project when such assets are no longer collateralizing the aforesaid publishing agreement.

State Guaranty Fee: Initial fee of one half percent (1/2%) payable at closing at closing (\$375,000) and one and one half percent (1.5%) (\$1,125,000) of loan amount annually payable on the loan closing anniversary.

Equity and Dividend Covenants: During the term of the loan, Mr. Schilling shall maintain no less than an amount equal to \$15,000,000 of equity in the company, and equity or earnings distributions to members shall be limited to a coverage ratio formula to be agreed upon by the RIEDC and the company prior to closing.

Mr. Schilling and Ms. MacLean

March ~~April~~, 2010

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Specific Conditions and Covenants:

- (a) The debt would not be assignable or assumable without lender consent.
- (b) Recapture or early payment would be made from excess earnings should EBITDA exceed a base formula to be agreed upon by the parties prior to closing;
- (c) A percentage of the funds available from (b) above shall be used by 38 Studios to establish an investment fund to provide seed capital and other investment vehicles to facilitate the development of the video game and digital media industry in Rhode Island in conjunction with a program to be developed jointly between 38 Studios and the RIEDC, the RIEDC being entitled to having a designee on the investment committee of such fund;
- (d) 38 Studios will locate its corporate headquarters and its principal place of business in Rhode Island;
- (e) 38 Studios will provide 125 full time jobs with an average annual wage of approximately \$75,000 ("jobs") in Rhode Island by December 31, 2010;
- (f) 38 Studios will add an additional 175 jobs in Rhode Island by December 31, 2011;
- (g) 38 Studios will add an additional 150 jobs in Rhode Island by December 31, 2012;
- (h) Should 38 Studios fail to meet any jobs requirements, it shall pay to the RIEDC an amount equal to \$7,500 per year for each job not so added until such shortfall is cured; and
- (i) 38 Studios will provide in 2010 and annually thereafter during the term of the loan audited financial statements that include a certification that the borrower has met the requirements of (e), (f) and (g) above and certifying the calculations required in (b) and (c) above.
- (j) 38 Studios will develop internship programs for students at Rhode Island design and educational institutions pursuant to programs and policies to be agreed upon with such institutions.

Conditions Precedent: Conditions to closing the loan will include standard documentation and legal requirements typical of transactions of this size and scope and:

Mr. Schilling and Ms. MacLean

March-April 2010

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- (a) The completion and delivery by a qualified economic development expert of an analysis of the economic development impacts of the company's location to and growth in Rhode Island, such study to be paid for by the company;
- (b) An independent financial review and analysis of the company's financial projections; current contracts and obligations with gaming industry partners such as EA; and any other related or requested documents or information of the company;
- (c) The prerequisite approvals by the General Assembly and RIEDC Board of Directors for those actions requiring such approvals; and
- (d) Placement of the bond issue with a lender or lenders and documentation reflecting the terms hereof and other standard terms and conditions typical of a transaction of this size and nature.

The company will assist the RIEDC in making industry contacts and identifying necessary sources to complete its due diligence with respect to the loan.

Rhode Island Economic Development Incentives

The RIEDC will make available to 38 Studios its traditional but aggressive incentives for the company's move to and expansion in Rhode Island including:

- (a) Economic Development Project Status: The RIEDC may designate the development of the company's offices and job expansion in Rhode Island as a project of the RIEDC, resulting in reimbursements to the company for sales tax paid in connection with the purchase of building materials, FFE and computers, and equipment for use in Rhode Island;
- (b) Job Training Grants and Credits (of amounts up to \$5,000 per year per employee) will be made available to the company;

- (c) ~~Jobs Development Act reductions in the corporate tax rate (by up to one quarter of one percent for every 50 jobs with a floor corporate income tax rate of 3%) will be made available to the company; and~~
- (d) ~~As applicable, all other available tax incentives that are useful to the company will be available to it (such as R&D tax credits).~~

Mr. Schilling and Ms. MacLean

~~March-April~~, 2010

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Of course, the RIEDC also would offer any other assistance it could to 38 Studios to facilitate your smooth transition to Rhode Island. A more complete analysis of otherwise available incentives listing of services provided by the RIEDC is available at the RIEDC's website: www.riedc.com.

New Industry Incentives

We are particularly interested in assisting 38 Studios grow and become a magnet for the growth of the video gaming and digital media industry in Rhode Island. Accordingly, we will support and advocate for the implementation of jobs producing interactive digital media tax credits that provide Rhode Islander's with a clear return on investment resulting from the credits. We also will support other creative and innovative industry development incentives jointly developed by us to accelerate and increase your successes.

We think your company and its product development concepts are exciting and aligned with our economic development strategies. We think 38 Studios will be a strong corporate citizen for Rhode Island and that you will be particularly welcome here for the foundation for your many exciting ventures and opportunities.

Should you agree and desire us to commence the process of obtaining the approvals for the issuance of the bonds and the economic development incentives, please indicate so by signing below.

Sincerely ours,

Governor Donald L. Carcieri,
Chairman of the Board

Keith W. Stokes,
Executive Director

Mr. Schilling and Ms. MacLean

~~March~~ April, 2010

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Agreed and accepted as of the date first above written:

38 Studios LLC

By: _____

Its: _____

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DRAFT

RIEDC Letterhead

April __, 2010

Mr. Curt Schilling, Chairman
38 Studios
5 Clock Tower Place, Suite 140
Maynard, MA 01754

Ms. Jen MacLean, CEO
38 Studios
5 Clock Tower Place, Suite 140
Maynard, MA 01754

Re: 38 Studios/Rhode Island

Dear Mr. Schilling and Ms. MacLean:

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We very much appreciate the value your company brings to the video gaming and interactive digital media industry, and we think that Rhode Island can be the perfect home for you. We also appreciate your company's culture, background and industry acumen. Your assessment of your industry opportunities, your assembly of talent at all levels of your company, your investments to date, your human resources needs and your desire to grow are aligned perfectly with Rhode Island's knowledge economy and design resources.

The RIEDC, as the State's economic development agency, offers you the following tools to consider in relocating your businesses to Rhode Island:

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Mr. Schilling and Ms. MacLean
April __, 2010
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product and contractual commitments for product publishing and distribution, but as yet is "pre revenue", we recognize the market for these bonds or loans would be limited without credit enhancement. Accordingly, we would immediately request the Rhode Island General Assembly, which currently is in session, to authorize the RIEDC to guarantee the annual debt service of the loans or, in the case of the bonds, to use an available capital reserve mechanism by which the General Assembly may consider on an annual basis funding any shortfall of any loan payments necessary to pay the bondholders, thereby creating for this issue what is commonly called a "moral obligation" guaranty for the bondholder(s). The guarantee or the bond documents would reflect the following terms and conditions and be subject to the following general parameters all of which will be more fully articulated in traditional loan documentation:

Borrower: 38 Studios.

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distributions to members shall be limited to a coverage ratio formula to be agreed upon by the RIEDC and the company prior to closing.

Specific Conditions and Covenants:

- (a) The debt would not be assignable or assumable without lender consent;
- (b) Recapture or early payment would be made from excess earnings should EBITDA exceed a base formula to be agreed upon by the parties prior to closing;
- (c) A percentage of the funds available from (b) above shall be used by 38 Studios to establish an investment fund to provide seed capital and other investment vehicles to facilitate the development of the video game and digital media industry in Rhode Island in conjunction with a program to be developed jointly between 38 Studios and the RIEDC, the RIEDC being entitled to having a designee on the investment committee of such fund;
- (d) 38 Studios will locate its corporate headquarters and its principal place of business in Rhode Island;
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- (f) 38 Studios will add an additional 175 jobs in Rhode Island by December 31, 2011;
- (g) 38 Studios will add an additional 150 jobs in Rhode Island by December 31, 2012;
- (h) Should 38 Studios fail to meet any jobs requirements, it shall pay to the RIEDC an amount equal to \$7,500 per year for each job not so added until such shortfall is cured; and
- (i) 38 Studios will provide 2010 and annually thereafter during the term of the loan audited financial statements that include a certification that the borrower has met the requirements of (e), (f) and (g) above and certifying the calculations required in (b) and (c) above.
- (j) 38 Studios will develop internship programs for students at Rhode Island design and educational institutions pursuant to programs and policies to be agreed upon with such institutions.

Conditions Precedent: Conditions to closing the loan will include standard documentation and legal requirements typical of transactions of this size and scope and:

Mr. Schilling and Ms. MacLean
April __, 2010
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- (a) The completion and delivery by a qualified economic development expert of an analysis of the economic development impacts of the company's location and growth in Rhode Island, such study to be paid for by the company;
- (b) An independent financial review and analysis of the company's financial projections; current contracts and obligations with gaming industry partners such as IGA; and any other related or requested documents or information of the company;
- (c) The prerequisite approvals by the General Assembly and RIEDC Board of Directors for those actions requiring such approvals; and
- (d) Placement of the bond issue with a lender of lenders and documentation reflecting the terms hereof and other standard terms and conditions typical of a transaction of this size and nature.

The company will assist the RIEDC in making industry contacts and identifying necessary sources to complete its due diligence with respect to the loan.

Of course, the RIEDC also would offer any other assistance it could to 38 Studios to facilitate your smooth transition to Rhode Island. A more complete listing of services provided by the RIEDC is available at the RIEDC's website: www.riedc.com.

New Industry Incentives

We are particularly interested in assisting 38 Studios grow and become a magnet for the growth of the video gaming and digital media industry in Rhode Island. Accordingly, we will support and advocate for the implementation of jobs producing interactive digital media tax credits that provide Rhode Islander's with a clear return on investment resulting from the credits. We also will support other creative and innovative industry development incentives jointly developed by us to accelerate and increase your successes.

We think your company and its product development concepts are exciting and aligned with our economic development strategies. We think 38 Studios will be a strong corporate citizen for Rhode Island and that you will be particularly welcome here for the foundation for your many exciting ventures and opportunities.

Mr. Schilling and Ms. MacLean
April __, 2010
Page 5

Should you agree and desire us to commence the process of obtaining the approvals for the issuance of the bonds and the economic development incentives, please indicate so by signing below.

Sincerely ours,

Governor Donald L. Carcieri,
Chairman of the Board

Keith W. Stokes,
Executive Director

Agreed and accepted as of the date first above written:

38 Studios LLC

By: _____

Its: _____

529694.7

APS017409

ARTICLE ____

RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTION(S)

SECTION ____. *RIEDC JOB CREATION GUARANTY PROGRAM*

1 WHEREAS, the Rhode Island Economic Development Corporation was created by the
2 general assembly pursuant to chapter 64 of title 42 of the general laws in order to, among other
3 things, promote the retention and expansion of businesses and the creation of jobs in Rhode
4 Island; and

5 WHEREAS, one of the methods utilized by the Rhode Island Economic Development
6 Corporation to help promote and expand businesses in Rhode Island is the use of its quasi public
7 corporation powers to issue bonds and debt and guarantees of debt; and

8 WHEREAS, Rhode Island continues to suffer from continuing high unemployment and
9 other ill effects from the most recent national recession; and

10 WHEREAS, one of Rhode Island's economic development's strategies of continuing to
11 optimize its knowledge economy assets such, as the sciences, technology, digital media,
12 innovative manufacturing and other technologies, requires adequate access to capital; and

13 WHEREAS, Rhode Island companies in growth phases are limited in their ability to
14 obtain reasonable credit without access to credit enhancement; and

15 WHEREAS, the Rhode Island Economic Development Corporation desires to create a
16 loan guarantee and bond program pursuant to which it will be able to guarantee loan repayments
17 either directly or through the issuance of its bonds in order to induce lending to companies
18 growing their employment in Rhode Island; and

1 WHEREAS, the Rhode Island Economic Development Corporation seeks to have
2 authority pursuant to chapter 18 of title 35 of the general laws to guarantee debts or otherwise
3 issue its bonds for this purpose not to exceed \$125,000,000 in the aggregate of unpaid principal
4 and interest, thereby limiting the contingent long-term cost of such program to the state to such
5 maximum amount; and

6 WHEREAS, the Rhode Island Economic Development Corporation requests the approval
7 of the general assembly prior to undertaking such program; now, therefore, be it:

8 RESOLVED, that the Rhode Island Economic Development Corporation (the
9 "corporation") is hereby empowered and authorized pursuant to chapter 18, title 35 of the general
10 laws, and notwithstanding any provisions of chapter 64, title 42 of the general laws to the
11 contrary, to create the corporation's Job Creation Guaranty Program (the "program") and
12 guarantee annual debt service or issue bonds up to an aggregate guaranty or bond obligations of
13 the corporation with respect to the program not to exceed \$125,000,000 in the aggregate, [
14 including principal and interest];

15 RESOLVED, that guaranties or bonds issued by the corporation shall be approved by its
16 board of directors, or a committee of the board as so designated by the board, and shall be
17 executed by its executive director or any authorized officer of the corporation as authorized in a
18 resolution approved by the board of directors of the corporation from time to time in a form the
19 corporation may prescribe. The board of directors of the corporation in authorizing any such
20 guaranty or bond obligations shall consider and be guided by the following objectives:

21 (a) Any guaranty or bond obligations of the corporation should result in borrower
22 creating within three (3) years of the issuance of the guaranty, or retaining for a period of three
23 (3) years from the issuance of the guaranty, no less than one full-time job with an annual wage of

1 no less than 150% of the then current minimum wage earned annually for every \$40,000 in loans
2 guaranteed or bond obligations issued.

3 (b) Any guaranty or bond obligations hereby authorized should leverage capital
4 formation to facilitate business development with new and existing companies that create jobs.

5 (c) Priority shall be given to guarantees that align with the State's economic
6 development strategy to expand high-wage jobs in knowledge industry growth clusters or with
7 respect to assets related thereto.

8 (d) Priority will be given to projects that create permanent, full-time jobs with annual
9 wages in excess of 150% of the then current minimum wage earned annually with industry
10 comparable benefits.

11 (e) Guarantees or loan obligations from the program's borrower will be collateralized by
12 any and all available assets of the borrower and guarantors, where applicable, including
13 subordinate collateral positions, cross collateralization with other lenders and collateralized
14 guarantees as appropriate.

15 (f) Insurances, including hazard and key person life, may be required where appropriate.

16 (g) The corporation may utilize such data and retain experts as necessary to assess and
17 validate associated guaranty risk, and the corporation may charge borrower reasonable fees for
18 the corporation's guaranty and reimbursement of expenses;

19 RESOLVED, that in order to assure the continued operation and solvency of the
20 corporation for the carrying out of its corporate purposes, and to assure any payments due on
21 guarantees or bond obligations issued by the corporation in connection with the program
22 pursuant to this authorization (i) the corporation shall create a reserve fund from which shall be
23 charged any and all expenses of the corporation with respect to guaranty or bond obligations of

1 the corporation pursuant to these resolutions resulting from a program borrower's default; and
2 (ii) the corporation shall credit to the reserve fund no less than fifty percent (50%) of all program
3 receipts of the corporation including guaranty fees, premiums and any other receipts or
4 recoveries from collections received pursuant to the corporation's rights to recover payments as a
5 guarantor; and (iii) to the extent the corporation's obligations as a guarantor or pursuant to its
6 program bond obligations are not satisfied by amounts in its guaranty reserve fund, the
7 executive director of the corporation shall annually, on or before December 1st, make and deliver
8 to the governor a certificate stating the minimum amount, if any, required for the corporation to
9 make payments due on such guarantees. During each January session of the general assembly,
10 the governor shall submit to the general assembly, as part of the governor's budget, the total of
11 such sums, if any, required to pay any and all obligations of the corporation under such
12 guarantees or bond obligations pursuant to the terms of this authorization. All sums appropriated
13 by the general assembly for that purpose, and paid to the corporation, if any, shall be utilized by
14 the corporation to make payments due on such guarantees or bond obligations. Any recoveries
15 by the corporation of guaranteed payments are to be returned to the guaranty reserve fund and
16 utilized to reduce any obligation of the state pursuant to any guarantees entered into by the
17 corporation;

18 RESOLVED, On or before January 1 of each year, the corporation shall issue a report on
19 all guarantees issued by the corporation pursuant to this authorization. The report shall include
20 at a minimum: a list of each guarantee issued; a description of the borrower on behalf of which
21 the guarantee was issued; the lender or lenders that made the loan, and the amount of such loan,
22 to such borrower; the amount of principal and interest on each such loan outstanding as of the
23 date of such report; a summary of the collateral securing the repayment of such loan for which

1 the guarantee was issued; and a summary of the economic impacts made by such borrower as a
2 result of the guaranteed loan, including but not limited to the number, type and wages of jobs
3 created by such borrower, any impacts on the industry in which the borrower operates and an
4 estimate of income taxes for the state of Rhode Island generated by the employees of such
5 borrower and the borrower itself.

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