

2012 -- H 8203

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LC02648
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

HOUSE RESOLUTION

RESPECTFULLY REQUESTING THE GOVERNOR AND THE RHODE ISLAND
ECONOMIC DEVELOPMENT CORPORATION TO IMMEDIATELY RELEASE ALL
RECORDS RELATED TO 38 STUDIOS AND ITS FINANCIAL SITUATION AND
SEVENTY-FIVE MILLION DOLLAR LOAN GUARANTEE

Introduced By: Representatives Lima, Watson, Messier, Palumbo, and Tomasso

Date Introduced: May 24, 2012

Referred To: House Finance

1 WHEREAS, On July 26, 2010, the Rhode Island Economic Development Corporation
2 (EDC) Board approved a seventy-five million dollar loan guarantee for 38 Studios LLC, a video
3 game company founded by retired Red Sox pitcher Curt Schilling; and

4 WHEREAS, Under the terms of the deal, Rhode Island issued seventy-five million
5 dollars in revenue bonds, purchased by private investors. As part of the agreement, the company
6 promised to relocate to Rhode Island and bring 450 jobs to the state by the end of 2012; and

7 WHEREAS, The loan guarantee includes a provision to set aside about twenty million
8 dollars in reserve to assure three years of debt payments; and

9 WHEREAS, In November of 2011, the Rhode Island Economic Development
10 Corporation sold seventy-five million dollars in bonds, consistent with the agreement. Although
11 38 Studios is primarily responsible for repaying the bonds, the State of Rhode Island has
12 guaranteed them, which means that should the company fail between now and 2020, state
13 taxpayers will be asked to pay off the principal and interest due on those bonds. That same
14 month, the State of Rhode Island paid 38 Studios the final payment due under the loan guarantee;
15 and

16 WHEREAS, A recent loan guarantee payment of \$1.125 million was not made, an act
17 which may put the company into some default and which calls into question its financial health;
18 and

1 WHEREAS, It is imperative to protect taxpayer dollars and provide transparent scrutiny
2 of all financial records related to the EDC-backed, publicly-funded loan guarantee; now, therefore
3 be it

4 RESOLVED, That this House of Representatives of the State of Rhode Island and
5 Providence Plantations hereby requests the Governor and the Board of the Rhode Island
6 Economic Development Corporation to immediately release all records related to 38 Studios'
7 financial situation and its seventy-five million dollar loan guarantee; and be it further

8 RESOLVED, That the Secretary of State be and he hereby is authorized and directed to
9 transmit duly certified copies of this resolution to the Honorable Governor Lincoln Chafee and
10 Keith Stokes, the Executive Director of the Rhode Island Economic Development Corporation.

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