

**MEETING OF THE
RHODE ISLAND COMMERCE CORPORATION**

AGENDA

MONDAY, OCTOBER 27, 2014

PUBLIC SESSION

Call to Order: The Chairman Lincoln D. Chafee

1. Welcome by Chairman Lincoln D. Chafee.
2. To consider for approval the Public Session Minutes for the meeting held September 22, 2014 (See **Tab 1**).
3. To consider, as may be appropriate, matters covered in the Executive Director's Report: Marcel Valois.
4. To receive a status update regarding the Quonset Development Corporation: Steve King.
5. To convey the draft RhodeMap Economic Development Plan to the Governor, the Senate and the House of Representatives pursuant to R.I. Gen. Laws § 42-64.17-1 (See **Tab 2**): Marcel Valois.
6. To consider for approval a consultant agreement for web design services (See **Tab 3**): Marcel Valois.
7. To consider for approval the continued engagement of a consultant for tourism consulting services (See **Tab 4**): Marcel Valois.
8. To consider for approval an extension of the funding period on the existing bond related to the Greater Providence YMCA (See **Tab 5**): Tom Carlotto.
9. To consider for approval a match of Renewable Energy Fund monies in connection with an Economic Development Administration cluster funding grant (See **Tab 6**): William Ash.
10. To consider for approval the following Renewable Energy Fund matters (See **Tab 7**): Hannah Morini
 - a. A grant to 825 West Main, LLC d/b/a West Main Self Storage in the amount of \$92,382.00;
 - b. A grant to Vedanta Society in the amount of \$23,719.00;
 - c. A grant to International Sourcing & Marketing in the amount of \$31,500.00;
 - d. A grant to Lepore Farm in the amount of \$30,250.00;
 - e. A grant to RJB Properties in the amount of \$60,937.50;

- f. A grant to Hillandale Farm in the amount of \$18,900.00; and
 - g. A grant to Arpin International Group in the amount of \$121,304.00.
11. To consider for approval a license agreement with the Rhode Island Department of Environmental Management regarding the Volvo Ocean Race (See **Tab 8**): Marcel Valois.
 12. To consider for approval the Executive Session Minutes for the meeting held on September 22, 2014 (See **Tab 9**).*
 13. Vote to Adjourn.
- * Board members may seek to convene in Executive Session to approve minutes previously sealed.

TAB 1

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

PUBLIC SESSION MINUTES
OF THE MEETING HELD ON
SEPTEMBER 22, 2014

VOTED: To approve the Public Session Minutes for the meeting held on September 22, 2014, as submitted to the Board of Directors.

Dated: October 27, 2014

RHODE ISLAND COMMERCE CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

SEPTEMBER 22, 2014

The Board of Directors of the Rhode Island Commerce Corporation (the "Corporation") met on Monday, September 22, 2014, in Public Session, beginning at 5:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, RI 02908, pursuant to the notice of meeting to all Directors, and the public notice of meeting, a copy of which is attached hereto as **Exhibit A**, as required by the By-Laws of the Corporation and applicable to Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Lincoln D. Chafee, Mr. Jerauld Adams, Mr. Karl Wadensten, Ms. Judith Diaz, Mr. George Nee, Ms. Elizabeth Francis, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Stanley Weiss, and Ms. Maeve Donohue.

Directors absent were: Mr. Tim Hebert, Mr. Jason Kelly, and Ms. Shannon Brawley.

Also present were: Marcel Valois and Thomas Carlotto.

1. **CALL TO ORDER AND OPENING REMARKS**

Governor Chafee called the meeting to order at 5:06 p.m. indicating that a quorum was present.

2. **TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES FOR THE MEETINGS HELD ON AUGUST 25, 2014 AND SEPTEMBER 3, 2014**

Upon motion duly made by Mr. Adams and seconded by Dr. Carriuolo, the following vote was adopted:

VOTED: To approve the Public Session Minutes for the meetings held on August 25, 2014 and September 3, 2014, as submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Karl Wadensten, Mr. George Nee, Ms. Elizabeth Francis, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Stanley Weiss, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

Not present for the foregoing were: Ms. Judith Diaz.

3. EXECUTIVE DIRECTOR'S REPORT

Governor Chafee introduced Marcel Valois to discuss the Executive Director's Report. See **Exhibit B**. Mr. Valois stated that a detailed report was available in the Board Members' packages for review.

Ms. Judith Diaz arrived at 5:09 p.m.

Mr. Valois began his presentation by announcing that the State of Rhode Island was awarded a \$1.575 Million grant from the U.S. Department of Defense - Office of Economic Adjustment. He also lauded the Rhode Island Congressional Delegation and John Riendeau for their efforts in applying for and ultimately being awarded said grant. Mr. Valois then requested that Mr. Riendeau briefly discuss the grant and related project. Mr. Riendeau noted that the goals of the project are (i) to develop a program that allows defense-manufacturing companies to pursue an accelerated program of market transformation through intensive use of industrial design, engineering and innovation; and (ii) to create the information and linkages with resources that will serve defense manufacturers and our communities in limiting the impact of defense-related spending cuts and identify new opportunities for economic diversification. He then gave a brief overview of the anticipated implementation of the project and responded to various inquiries of the Board in connection therewith.

4. TO RECEIVE A STATUS UPDATE REGARDING THE RHODE ISLAND AIRPORT CORPORATION

Governor Chafee introduced Kelly Fredericks to give a presentation regarding the Rhode Island Airport Corporation ("RIAC"). Mr. Fredericks thanked the Board for the opportunity to provide them with an update on RIAC. He began his presentation by noting that on September 2, 2014, Governor Chafee along with Warwick Mayor Scott Avedisian, announced new non-stop service to Frankfurt, Germany from T.F. Green Airport beginning in June 2015. Mr. Fredericks continued that passenger numbers are down for the month of August as well as collectively for 2014. He indicated that the numbers were not a surprise and continued that RIAC is working on several matters to increase travel at T.F. Green Airport. Mr. Fredericks added that RIAC is focused on service to Texas and is actively working to increase flights to Houston and Dallas. Although passenger travel is down, Mr. Fredericks explained that cargo travel through T.F. Green is continually growing and increasing in volume. Mr. Nee inquired regarding the decline in passenger travel, to which Mr. Fredericks indicated that air travel capacity is at an all-time low and that passenger travel is down nationwide, not just locally. Mr. Fredericks added that RIAC is poised for a successful 2015.

Mr. Fredericks discussed how RIAC is working with both the Massachusetts Bay Transportation Authority and Amtrak on eight (8) additional rail shuttles from the City of Providence to T.F. Green Airport. In conclusion, Mr. Fredericks outlined various bond issues that RIAC is working on, which will be presented to the Board of Directors in greater detail at a later date.

5. **TO RECEIVE A STATUS UPDATE REGARDING RHODEMAP RI**

Governor Chafee introduced Kevin Flynn to update the Board of Directors on the status of the RhodeMap process. Mr. Flynn noted that a revised draft of the Economic Development Plan (the "Plan") has been distributed to the Board Members in advance of the meeting. He then briefly discussed the improvements to the same based on the prior comments from the Board Members. Mr. Flynn added that the Plan had been presented to the Technical Committee of the State Planning Council and will be presented to Social Equity Advisory Committee, the Government Consortium Committee and the full Statewide Planning Council during the business week beginning September 22, 2014. He indicated that Fourth Economy will be seeking approval of the full Statewide Planning Council to authorize public hearing with respect to the Plan. Once the time for public comment has passed, Fourth Economy will take the public input into account and ultimately prepare a finalized version of the Plan for approval.

6. **TO CONSIDER FOR APPROVAL THE ANNUAL AUDIT OF THE RHODE ISLAND COMMERCE CORPORATION COMPLETED BY LEFKOWITZ, GARFINKEL, CHAMPI & DERIENZO**

Governor Chafee called on Adam Quinlan to discuss the annual audit of the Rhode Island Commerce Corporation completed by Lefkowitz, Garfinkel, Champi & DeRienzo ("LGCD"). See **Exhibit C**. Mr. Quinlan directed the Board Members to the draft audit provided in the Board Package for discussion. He noted that there were no findings and that the total assets and total liabilities of the Corporation both increased for fiscal year 2014, resulting in a \$2.2 Million net position reduction as compared to 2013. Mr. Quinlan then introduced Stephen Geremia from LGCD to present a summary of the audit to the Board Members. Mr. Geremia walked the Board Members through the audit process and discussed the standards that are applied by LGCD. He also noted that the Corporation's audit findings are made a part of the State of Rhode Island Fiscal 2014 Annual Report. After discussing the particulars of the draft audit, Mr. Geremia discussed the procedure for the final approval and review of the audit by the auditor general and LGCD.

Upon motion duly made by Mr. Wadensten and seconded by Mr. Fiore, the following vote was adopted:

VOTED: To approve the annual audit of the Rhode Island Commerce Corporation completed by Lefkowitz, Garfinkel, Champi & DeRienzo, subject to the approval of the auditor general and Lefkowitz, Garfinkel, Champi & DeRienzo, as well as the comments of legal counsel.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Karl Wadensten, Ms. Judith Diaz, Mr. George Nee, Ms. Elizabeth Francis, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Stanley Weiss, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

7. **TO CONSIDER FOR APPROVAL A TECHNOLOGY SERVICES CONTRACT**

Governor Chafee called on Marcel Valois to give the Board of Directors a presentation with regard a technology services contract. Mr. Valois noted that the Corporation is seeking approval of a \$318.40 contract with Atrion Networking Corporation in connection with the maintenance of the computerized telephone system, the only company to submit a bid in response to an RFP sent out by the Corporation. He continued that the matter is being brought before the Board of Directors to avoid any conflict of interest issues as the company is owned, at least in part, by Board Member Tim Hebert, who was not present for the meeting.

Upon motion duly made by Ms. Donohue and seconded by Mr. Fiore, the following vote was adopted:

VOTED: To approve a technology services contract with Atrion Networking Corporation in an amount not to exceed \$318.40.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Karl Wadensten, Ms. Judith Diaz, Mr. George Nee, Ms. Elizabeth Francis, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Stanley Weiss, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

Abstaining from the foregoing were: Dr. Carriuolo.

8. **TO CONSIDER FOR APPROVAL AN INVESTMENT IN THE SLATER TECHNOLOGY FUND FOR AN EARLY STAGE RENEWABLE ENERGY FUND**

Governor Chafee introduced William Ash for a presentation on an investment in the Slater Technology Fund for an Early Stage Renewable Energy Fund. See **Exhibit D**. Mr. Ash reminded the Board Members that he gave a brief presentation regarding the investment of Renewable Energy Fund (“REF”) monies in the Slater Technology Fund for an Early Stage Renewable Energy Fund at the August Board Meeting. He added that the Corporation is seeking to invest up to \$3 Million in REF monies in the Slater Energy Fund, L.P. (the “Fund”), a to-be-formed limited partnership that is structured as a traditional, early stage venture capital fund, which will be seeking an additional approximately \$8 Million of committed capital from primarily Rhode Island-based investors. Mr. Ash also noted that the Board Members are currently approving early stage renewable grants from the REF and by investing in the Fund, they are relying on the Fund to invest in early stage renewable energy projects and companies. Board Members also serving on the Access to Capital Subcommittee indicated that they received a full report on the matter at their last meeting and supported the investment. Further, a representative of the Slater Technology Fund discussed the matter and responded to inquiries from the Board of Directors. In conclusion, Governor Chafee

added that the Access to Capital Subcommittee unanimously voted to recommend approval of the investment contemplated herein to the full Board of Directors.

Upon motion duly made by Ms. Francis and seconded by Mr. Nee, the following vote was adopted:

VOTED: To approve an investment in the Slater Technology Fund for an Early Stage Renewable Energy Fund, pursuant to the Resolution submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Karl Wadensten, Ms. Judith Diaz, Mr. George Nee, Ms. Elizabeth Francis, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Stanley Weiss, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as **Exhibit E**.

9. **TO CONSIDER FOR APPROVAL A CONSULTING AGREEMENT FOR PROJECT MANAGEMENT SERVICES**

Governor Chafee called on Mr. Valois to give a presentation regarding a consulting agreement for project management services. Mr. Valois stated that at the beginning of 2014 the Corporation sent out an RFP for project management services. He indicated that there were ten entities that responded to the public submission process, with six awards issued. Ultimately, Mr. Valois indicated that the Corporation wishes to retain Fourth Economy to provide project management services in connection with the U.S. Department of Defense - Office of Economic Adjustment project more specifically addressed in the Executive Director's Report for an amount not to exceed \$225,000.00. Mr. Valois then discussed the expertise that Fourth Economy has in the area and also discussed their familiarity with the State of Rhode Island and the U.S. Department of Defense - Office of Economic Adjustment project.

Upon motion duly made by Mr. Adams and seconded by Ms. Donohue, the following vote was adopted:

VOTED: To approve a consulting agreement for project management services, pursuant to the Resolution submitted to the Board of Directors.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Karl Wadensten, Ms. Judith Diaz, Mr. George Nee, Ms. Elizabeth Francis, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Stanley Weiss, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as Exhibit F.

10. **TO DISCUSS THE RENEWAL OF A LEASE FOR AN EXISTING TENANT OF THE RHODE ISLAND COMMERCE CORPORATION**

Mr. Valois then continued on to discuss the renewal of a lease for an existing tenant of the Corporation. Specifically, Mr. Valois noted that the Corporation leases land to Mulligan's Island golf facility in Cranston, Rhode Island. He indicated that Mulligan's Island is seeking a renewal of their current lease which expires at the end of 2014. To that end an appraisal of the property was completed and the same was valued at \$150,000.00, with a leased value of \$15,000.00 annually. He continued that Mulligan's Island is currently only paying \$13,500.00 annually, so a new lease would be a slight increase in revenue from the property. Finally, Mr. Valois indicated that the matter would formally be before the Board of Directors for approval at the October Board Meeting. Mr. Weiss requested a formal determination that the subject property is in fact land-locked and also requested a termination provision in any potential lease with Mulligan's Island to allow for the development of the property.

11. **TO CONSIDER FOR APPROVAL THE EXECUTIVE SESSION MINUTES FOR THE MEETINGS HELD ON AUGUST 25, 2014 AND SEPTEMBER 2, 2014**

12. **TO CONSIDER THE INVESTMENT OF PUBLIC FUNDS IN RELATION TO THE CORPORATE MARKETPLACE, INC.**

Upon motion duly made by Mr. Weiss and seconded by Mr. Wadensten, the following vote was adopted:

VOTED: To enter into executive session pursuant to Rhode Island General Law Section 42-46-5(a)(2), (4) and (7).

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Karl Wadensten, Ms. Judith Diaz, Mr. George Nee, Ms. Elizabeth Francis, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Stanley Weiss, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

Members of the board, counsel and staff entered into closed session at 6:07 p.m.

The public session reconvened at 6:32 p.m.

Upon motion duly made by Mr. Adams and seconded by Mr. Wadensten, the following vote was adopted:

VOTED: That the minutes of the Executive Session shall not be made available to the public, except as to the portions of such minutes as the Board of Directors ratifies and reports in public session of this meeting.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Karl Wadensten, Ms. Judith Diaz, Mr. George Nee, Ms. Elizabeth Francis, Mr. Roland Fiore, Dr. Nancy Carriuolo, Mr. Stanley Weiss, and Ms. Maeve Donohue.

Voting against the foregoing were: None.

Mr. Carlotto stated that during the Executive Session there was a unanimous vote of the Board taken to approve the Executive Session minutes for the meetings held on August 25, 2014 and September 3, 2014 and that those minutes remain sealed.

Vote to Adjourn.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 6:34 p.m., upon motion made by Mr. Wadensten and seconded by Mr. Adams.

Thomas Carlotto, Secretary

EXHIBIT A

RHODE ISLAND COMMERCE CORPORATION
PUBLIC NOTICE OF MEETING

A meeting of the Rhode Island Commerce Corporation Board of Directors will be held at the offices of the **Rhode Island Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island, on Monday, September 22, 2014, beginning at 5:00 p.m.** for the following purposes:

PUBLIC SESSION

1. To consider for approval the Public Session Minutes for the meetings held on August 25, 2014 and September 3, 2014.
 2. To consider, as may be appropriate, matters covered in the Executive Director's Report.
 3. To receive a status update regarding the Rhode Island Airport Corporation.
 4. To receive a status update regarding RhodeMap RI.
 5. To consider for approval the annual audit of the Rhode Island Commerce Corporation completed by Lefkowitz, Garfinkel, Champi & DeRienzo.
 6. To consider for approval a technology services contract.
 7. To consider for approval an investment in the Slater Technology Fund for an Early Stage Renewable Energy Fund.
 8. To consider for approval a consultant agreement for project management services.
 9. To discuss the renewal of a lease for an existing tenant of the Rhode Island Commerce Corporation.
 10. To consider for approval the Executive Session Minutes for the meeting held on August 25, 2014 and September 3, 2014.*
 11. To consider the investment of public funds in relation to The Corporate Marketplace, Inc.**
- * Board members may seek to convene in Executive Session to approve minutes previously sealed.
- ** Board members may seek to convene in Executive Session pursuant to R.I. Gen. Laws § 42-46-5(a)(7) to discuss this Agenda item.

This notice shall be posted no later than 5:00 p.m. on Thursday September 18, 2014, at the Office of the Rhode Island Commerce Corporation, at the State House, and by electronic filing with the Secretary of State's Office.

Shechtman Halperin Savage, LLP, Counsel to the Corporation

The location is accessible to the handicapped. Those requiring interpreter services for the hearing impaired must notify the Rhode Island Commerce Corporation at 278-9100 forty-eight (48) hours in advance of the meeting. Also for the hearing impaired, assisted listening devices are available onsite, without notice, at this location.

Dated: September 18, 2014

EXHIBIT B

EXECUTIVE DIRECTOR'S REPORT

R.I. COMMERCE CORPORATION BOARD MEETING

September 22, 2014

The following report highlights Commerce RI activities since the last board meeting on August 25, 2014.

Hot Topics:

- *RI Receives \$1.575M Grant to Advance Design and Manufacturing*
- *Governor Chafee Announces Ireland's Prime Minister to Visit Rhode Island*
- *GWB Annual Board Retreat*
- *New RI Economic Development Website Receives Top Recognition at Annual Awards*
- *Condor Airlines to Offer Regularly Scheduled International Service from T. F. Green Airport*
- *Commerce RI, Office of Energy Resources and Energy Non-Profit SmartPower Partner to Lower Costs of Solar Power in Rhode Island*
- *Creating a FDI Program for RI's Economic Growth*

RI Receives \$1.575M Grant to Advance Design and Manufacturing

The State of Rhode Island has been awarded a \$1.575-million grant from the U.S. Department of Defense - Office of Economic Adjustment to develop a program that allows defense-manufacturing companies to pursue an accelerated program of market transformation through intensive use of industrial design, engineering and innovation.

Commerce RI drafted and submitted the proposal and will administer the grant. The grant is aimed at strengthening economic diversification in the state and represents an initial step in the creation of a center for industrial design and manufacturing in Rhode Island.

We are calling the center STEAMengine as a reference to our manufacturing legacy and Rhode Island's future in STEAM education and companies. STEAM refers to the opportunity for Science, Technology, Engineering, Art and Mathematics fields to reshape our businesses and be the engine for economic growth. While we are finalizing the business plan for STEAMengine the opportunity to focus on defense manufacturing companies provides an incredible catalyst.

Governor Chafee Announces Ireland's Prime Minister to Visit Rhode Island

Governor Lincoln D. Chafee will host Ireland's Taoiseach (pronounced 'T – shock') Enda Kenny and other Irish officials during an afternoon visit to Rhode Island on Wednesday, Sept. 24, 2014. Taoiseach (Prime Minister) Kenny is expected to attend a reception at the state house and visit the Rhode Island Irish Famine Memorial in Providence.

In May 2014, Governor Chafee met with the taoiseach in Ireland while leading a trade mission to further develop the state's relationship and growth opportunities for businesses with Commerce RI Executive Director Marcel A. Valois. As a result of the visit, Rhode Island and Ireland have been exploring business and tourism opportunities.

GWB Annual Board Retreat

If any Commerce RI Board members are interested in attending the Governor's Workforce Board (GWB) annual retreat at Save The Bay on Thursday, October 16 from 12-4 pm, please let us know, and we will let the GWB know that you plan to attend. The primary focus of this year's retreat will be to review the preliminary findings and recommendations to be incorporated into the next Biennial Employment and Training Plan for the State of Rhode Island.

New RI Economic Development Website Receives Top Recognition at Annual Awards

The Northeastern Economic Development Association (NEDA) recognized the Greater Rhode Island: Think Bigger website with two top awards at its annual conference earlier this month. The new economic development site, created and maintained by Commerce RI, the Greater Providence Chamber of Commerce, and the Economic Development Foundation of Rhode Island, won first place in the "Website Award" category and was one of only two submittals to earn the "President's Award" for most outstanding submission.

Condor Airlines to Offer Regularly Scheduled International Service from T. F. Green Airport

Beginning June 18, 2015, Condor Airlines will start regularly scheduled seasonal service from Frankfurt, Germany (FRA) to T.F. Green Airport. Flights will operate on Mondays and Thursdays on a Boeing B767/300 and are available for booking on www.condor.com.

Support for the entrance of Condor into the Rhode Island market has been a coordinated effort of the airport working in unison with government and travel and tourism partners. Germany is a beautiful country and place to visit as well as an important connecting hub for travelers wishing to journey to greater Europe.

Commerce RI, Office of Energy Resources and Energy Non-Profit SmartPower Partner to Lower Costs of Solar Power in Rhode Island

The Rhode Island Commerce Corporation (Commerce RI), the Rhode Island Office of Energy Resources (OER) and non-profit marketing firm SmartPower announced the launch of Solarize Rhode Island, a municipal-based program aimed at providing opportunities for installation of rooftop solar energy at lower costs.

The program will be piloted over the next nine months in three municipalities across Rhode Island – North Smithfield, Tiverton, and Little Compton – all of whom voted in favor of participation at Town Council meetings throughout August.

Based on a successful model run in more than 90 cities and towns in Connecticut and Massachusetts installing more than 16 MW of capacity, Solarize is a municipal-based program aimed at reducing the costs of installing rooftop solar energy. Solarize relies on a few key components to reduce solar installation costs, including: a) a competitively-selected installer in each town; b) a tiered pricing system and time-limited offer to incentivize greater participation; and c) community-based marketing.

Creating a FDI Program for RI's Economic Growth

On September 30, Commerce RI and the Chafee Center for International Business at Bryant University will present an informative session for Rhode Island legislators and key leaders that will cover the importance of foreign direct investment (FDI) as a driver of economic development, best practices in establishing sustainable FDI attraction initiatives and ways SelectUSA can support Rhode Island's FDI attraction efforts, as well as a comparative overview of different structures for state-level investment attraction programs. (see attached invitation at the end of this report for more information)

Additional Economic Development Updates

Business Development

General Business Development:

- Defense Innovation Days (September 3 – 5, 2014): The event was a tremendous success. Defense Secretary Chuck Hagel wowed the crowd, and claimed that Southeastern New England has become the Silicon Valley of undersea warfare. It's not only that our submarines are built here; it's that their critical underlying technology, capabilities and future operational concepts are developed here as well. The TV and print media generated news stories that showcased Rhode Island's capabilities and expertise in this field.
- RI Manufacturing Renaissance Collaborative (MRC): The MRC Team continues to meet bi-monthly to review and keep projects and initiatives alive and in the forefront, as we advocate Rhode Island manufacturers, their capabilities, products and the overall benefits of retaining a strong manufacturing base.
- City Centre Warwick: We are working with (add)ventures to create two new banners that will be located at the TF Green terminal building, to replace the existing and former EDC signage boards. One message board will be dedicated to Commerce RI and the other to City Centre Warwick.

Federal Grant Opportunities:

- US EDA Investing in Manufacturing Community Partnerships: As of September 19, 2014, we await word on the STEAMengine proposal from the Department of Defense Office of Economic Adjustment (OEA). The budget request is for \$1,575,000 with a \$178,000 match from Commerce RI, for a total planned budget of \$1,753,000.

Real Estate and Development Projects included:

- From the Governor's trade mission to Italy/Ireland, we continue to communicate with an Italian vertical wind generation system manufacturer and recently introduced them to a RI company proposing a combination of systems (solar and wind) for the U.S. Navy at Subbase New London and Naval Station Newport.
- Electric Boat (EB): With the new EB Navy contract award secured – more than \$17.6 billion – to build 10 new Virginia Class submarines, we have identified October 8, 2014, as the "How to Do Business with EB" day. This project is in conjunction with EB staff and Congressman Langevin's office.
- We continue in discussions with an international manufacturer and wait the securing of U.S. visas that will help make their decision to locate their proposed North American operations in Rhode Island.

Initiatives and Special Projects:

- ProvPort Cranes and Barges: We have received the financing commitment extension. Conrad Shipyard has agreed to extend its costs proposal to October 15, 2014. We have a letter to the City of Providence requesting assistance to address the \$1 million budget gap, and we await their reply.

- Research Project - Vulnerability Assessment of RIs Key Maritime Infrastructure Kickoff Meeting: The Client Committee met this week to review the URI scope of work and made suggestions to two URI faculty members managing the project. This initiative is being funded by USDoT and RIDoT through the URI Transportation Center and seeks to conduct applied research in preparing RI Maritime Infrastructure for climate change. Meetings will occur monthly.
- Sheffield School in Newport: We continue to work with our partners to advance the proposed transition from a former elementary school to a business incubator. The project has secured U.S. EDA funding of approximately \$1.3 million to rehab the school for its planned new venture called Newport Tech Works. The project is now addressing the internal layout and equipment required for the facility that includes securing a broadband fiber network for its users.
- RADE (Regional Aerospace and Defense Exchange): We continue to work with the States of Connecticut, Massachusetts and Maine, along with the Department of Defense Office of Economic Adjustment (OEA), in building tools and systems to monitor, manage and interact with the aerospace and defense industry. The Commerce RI STEAMengine application to DoD OEA is directly associated with this project.

Staff attended the following events:

- Defense Innovation Days from September 3 – 5, 2014, at the Newport Marriott Hotel
- Working lunch hosted by Admiral Dave Duryea at the Naval Undersea Warfare Center (NUWC) with Professor Fiona Murray, director of regional innovation at MIT, discussing key defense related strengths to explore as part of a strategic business focus for the area. Unmanned Undersea Vehicles (UUVs) and battery storage were two key issues that we agreed to discuss further with private sector input.
- Tuni Schartner tour of The Hive located at the Lafayette Mills in North Kingstown
- Salve Regina University Pell Center talk about “Tensions in the South China Sea” from US War College Professor Toshi Yoshihara.
- RI Freight Advisory Committee Meeting at Quonset

Client Services

- *Customer Satisfaction Surveys:* Testing and data prep continues as we prepare for our initial client survey. We expect the survey to go out in stages to our accounts and contacts starting late September.
- *Active Opportunities:* The team is currently working on 36 active client opportunities. Opportunities are categorized as Start-up, Retention, Expansion and Attraction and are specific projects in which the team is actively assisting a company. They represent the general utilization of our programs and provide an indication of the services provided to our clients.
- *Client Services Business Retention Efforts:* Staff continues to outreach to Rhode Island businesses and respond to incoming requests. With each company interaction, our goal is to add value by providing information and assistance with Commerce RI programs and services, as well as those of our partner organizations. All activity is currently being tracked in Salesforce.

- *GreaterRI Real Estate Database:* Staff continues to update and manage the site selection portion of the greaterri.com portal. As part of this team members engage with commercial real estate brokers to help maintain accurate listings of available property and buildings.
- *Volvo Ocean Race:*
 - Received six responses to the RFP for the event security and safety services. A team is currently in the process of evaluating the responses.
 - Met with SailNewport and DEM to discuss requirements for grounds keeping and field crew.
 - Currently drafting the RFP for grounds keeping and field crew to support the event.
 - Met with the police chief of Jamestown to discuss the events potential impact on Jamestown.
 - Scheduled meeting with all interested parties to discuss insurance requirements for the event and what type of insurance and how much insurance will be required for the vendors.
- *Staff attended the following networking events:*
 - 9/3/14 – We Mean Business Expo 2014
 - 9/4/14 – Practico Innovation Idea Contest showcasing Latino, African American and Asian entrepreneur’s ideas
 - 9/5/14 - Tour of Rising Sun Mills complex
 - 9/6/14 – Roundtable discussion at Latina Leadership Institute
 - 9/18/14 – Coastway Bank networking event

Communications

The Communications Department continues media and publicity outreach on behalf of multiple Commerce RI departments and received media coverage in statewide and national media outlets. From August 17, 2014 through September 17, 2014, Commerce RI and related programs received coverage in 73 print, broadcast, online and social media.

Commerce RI continues to distribute two bi-weekly email newsletters to an audience of 8,400. These are the *Moving Rhode Island Forward* e-newsletter, which highlights the latest Commerce RI news, and *Marcel’s Memo*, an e-memo from the executive director. The two emails have an average open rate of 19 percent and a click rate of 7.5 percent.

International Trade

- **Creating a FDI Program for RI’s Economic Growth (September 30, 2014):** Commerce RI and the Chafee Center for International Business at Bryant University will present an informative session for Rhode Island legislators and key leaders that will cover the importance of foreign direct investment (FDI) as a driver of economic development, best practices in establishing sustainable FDI attraction initiatives and ways SelectUSA can support Rhode Island’s FDI attraction efforts, as well as a comparative overview of different structures for state-level investment attraction programs. (see attached invitation)

- Upcoming Seminars and Events
 - Food Export USA annual member meeting to be held on Tuesday, September 23, through Thursday, September 25. Representatives from 22 member-state agricultural promotion agencies will be in attendance in addition to six overseas in-market representatives at the Providence Biltmore Hotel.
 - Best of New England booth at MEDICA
 - Best of New England booth at METS
 - International Professional Series (four consecutive Thursdays from October 21- November 6): This is a course that prepares attendees for the Certified Global Business Professional Test. The CGBP provides a benchmark for competency in global commerce. The designation demonstrates an individual's ability to conduct global business including global business management, global marketing, supply chain management and trade finance.
 - IP Protection and Economic Espionage (November 20) with the FBI in partnership with PTAC
 - Food Export on December 2
- Recent matchmaking, helping clients find partners overseas
 - Lindon Group, Brazil and Columbia
 - Astro Med, Israel
 - Taco, Nigeria, Algeria and other African countries
- Recent Export Express Grants
 - Prometheus, Inc., for ITAR and export compliance training
 - Utilidata – success story pending

Procurement Technical Assistance Center (PTAC)

- 60 clients counseled during 139 counseling sessions for a total of 123.8 client counseling hours
- Nine new clients
- Six participated events with a total of 569 participants (350 participants from the SENEDIA Defense Innovation Days event and 200 from the We Mean Business event). Other topics included export assistance and a primer on government contracting.
- PTAC counselors received 45 hours of technical subject matter training in federal contracting.
- The August financial report is due to be submitted to the Defense Contract Management Agency (DCMA) the week of 15 September 2014, for reimbursement against the fourth month of this FY14 federal cost sharing cooperative agreement.
- Chaired a meeting amongst SBA, SBDC, Polaris MEP and the Chafee Center for International Business. We will be working on a boot camp for Rhode Island small businesses to address topics including exporting, lean manufacturing, international trade and government procurement. This boot camp is tentatively planned for March 2015.
- Upcoming training: 18 September 2014 workshop for RI businesses on General Services Administration (GSA) Multiple Award Schedules

Science and Technology Advisory Council (STAC)

Internal Activities

- Launch FY2015 Innovate RI Small Business Fund
- Process internship grant reimbursement requests
- Plan for STAC October 2014 meeting (date, agenda)
- Launch 2015 STAC Collaborative Research Grants call for proposals

External Activities

- Attend State Science & Technology Institute annual conference
- Attend SENEDIA Defense Innovation Days
- Participate on panel at Senator Whitehouse's Energy & Environment Day
- Meet with Cherrystone Angel group to discuss existing and potential incentives for investment in new RI ventures
- Work with URI to plan tour of pharmacy building and introduction to INBRE for statewide hospital and university advancement and sponsored research group

Broadband Rhode Island

- BBRI/Office of Digital Excellence actively working with Senate Policy Office to create the agenda for the Broadband Legislative Commission. We expect commission meetings to commence in October.
- Finalizing statements of work for broadband feasibility studies for Aquidneck and Block Islands. Project scheduled to begin in late September.
- Working with Fourth Economy on input and editing of the BBRI Final Report and Recommendations. Project will be complete in October.
- With the BBRI grant winding down, Broadband Communications and Outreach Manager Alisson Walsh found a new opportunity in the private sector and resigned effective Sept 19.
- October begins the last full quarter of the five-year State Broadband Initiative grant which will end January 31, 2015. There is still a lot of work to do but at the same time we will be wrapping up all of our open projects in the next few months.

###



Creating a FDI Program for Rhode Island's Economic Growth

*An informative session for Rhode Island legislators and key
leaders presented by Commerce RI and the Chafee Center for
International Business*

September 30, 2014

Commerce RI, 315 Iron Horse Way, Suite 101, Providence, RI 02908

12:00 to 2:00 p.m. (working lunch will be served)

The session will cover the importance of foreign direct investment (FDI) as a driver of economic development, best practices in establishing sustainable FDI attraction initiatives, and ways SelectUSA can support Rhode Island's FDI attraction efforts, as well as a comparative overview of different structures for state-level investment attraction programs. RSVP by September 25 to lbassett@commerceri.com.

About SelectUSA

SelectUSA is the national single point of contact for U.S. economic development organizations looking to engage in international investment attraction and for international companies looking to invest in the United States. The SelectUSA program is headquartered in Washington, DC, and is housed within the U.S. Department of Commerce; it provides coordination between more than 20 federal agencies through the Interagency Investment Working Group.

SelectUSA Services

SelectUSA works with economic development organizations to support states, regions, counties and cities expanding or establishing investment attraction programs. Services include counseling on best practices and successful strategies for investment attraction programs, data and analysis of investment trends and information, joint participation in international events to help U.S. locations reach their international target audience, and advocacy to help level the playing field for U.S. jurisdictions competing with foreign locations.

EXHIBIT C

September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

**RHODE ISLAND
COMMERCE CORPORATION
(A COMPONENT UNIT OF THE
STATE OF RHODE ISLAND)**

YEAR ENDED JUNE 30, 2014

Draft



RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

YEAR ENDED JUNE 30, 2014

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September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

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September 18, 2014

For Management Discussion Purposes Only
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Independent Auditors' Report

Board of Directors
Rhode Island Commerce Corporation
Providence, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the Rhode Island Commerce Corporation (the Corporation), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

A Limited Liability Partnership

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Independent Auditors' Report (Continued)

Board of Directors
Rhode Island Commerce Corporation

September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

Auditors' Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rhode Island Commerce Corporation as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 7 to the financial statements, for the year ended June 30, 2014, appropriations by the General Assembly of the State of Rhode Island received by the Corporation to fund its expenses comprised approximately 71% of the Corporation's total operating and nonoperating revenues. Our opinion is not modified with respect to this matter.

Other Matter

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 7 and the schedule of funding progress on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Independent Auditors' Report (Continued)

Board of Directors
Rhode Island Commerce Corporation

September 18, 2014

For Management Discussion Purposes Only
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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated _____, 2014 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

Providence, Rhode Island
_____, 2014

Draft

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Rhode Island Commerce Corporation (Commerce RI), a component unit of the State of Rhode Island (the State), we offer readers of Commerce RI's financial statements this narrative overview and analysis of the financial activities of Commerce RI for the year ended June 30, 2014. Commerce RI's financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Introduction

During the year ended June 30, 2014, the General Assembly of the State passed legislation that changed the name of the Rhode Island Economic Development Corporation (RIEDC) to the Rhode Island Commerce Corporation. Commerce RI was authorized, created, and established in 1974 by an Act (the Act) of the General Assembly of the State for the purpose of acquiring and developing real and personal property to promote economic development in the State. Commerce RI, a governmental agency and public instrumentality of the State, has a distinct legal existence from the State and has the power to issue tax-exempt industrial development bonds and revenue bonds to accomplish its corporate purpose.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Commerce RI's financial statements.

Commerce RI engages only in business-type activities, that is, activities that are financed in whole or in part by charges to external parties for services. As a result, Commerce RI's basic financial statements include the statement of net position; the statement of revenues, expenses, and changes in net position; the statement of cash flows; and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of Commerce RI's finances, in a manner similar to a private-sector business.

The statement of net position presents detail on Commerce RI's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Changes in Commerce RI's net position serve as a useful indicator of whether Commerce RI's net position is improving or deteriorating. Readers should also consider other non-financial factors when evaluating Commerce RI's net position. The statement of revenues, expenses, and changes in net position presents information on how Commerce RI's net position changed during the year.

All assets, liabilities, and changes in net position are reported as soon as the underlying event affecting the asset or liability or deferred outflow or inflow, and resulting change in net position occurs, regardless of the timing of when the cash is received or paid (accrual basis of accounting for governmental entities). Consequently, certain revenues and expenses reported in the statement of revenues, expenses, and changes in net position will result in cash flows in future periods.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

2014 Financial Highlights

September 18, 2014
For Planning and Discussion Purposes Only

Total assets exceeded total liabilities by \$632,884 (net position) at June 30, 2014. Net deficit position totaling \$1,113,183 is unrestricted. Net position totaling \$1,566,992 is restricted to be used principally to fulfill grant requirements and for repayment of obligations under direct financing leases. Commerce RI's net position invested in capital assets, totaling \$179,075, is attributable to the acquisition and associated depreciation of Commerce RI's capital assets.

Operating loss for 2014 was \$4,268,401, a decrease of \$712,263 when compared to 2013.

Nonoperating revenues, net of nonoperating expenses totaled \$1,609,901 in 2014 as compared to \$4,949,063 in 2013.

Transfers from other State component units totaled \$445,492 as compared to \$234,531 in 2013.

Net position decreased by \$2,213,008 in 2014.

Draft

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Condensed Comparative Information

September 18, 2014

The following table reflects a summary of changes in certain balances in the statements of net position, and revenues, expenses, and changes in net position (in thousands):

Statements of Net Position

	June 30,		Increase (decrease)
	2014	2013	2014 v 2013
Net position:			
Current assets	\$ 24,993	\$ 19,769	\$ 5,224
Noncurrent assets	32,142	34,528	(2,386)
Total assets	57,135	54,297	2,838
Current liabilities	9,363	6,938	2,425
Noncurrent liabilities	47,139	44,513	2,626
Total liabilities	56,502	51,451	5,051
Net position	\$ 633	\$ 2,846	\$ (2,213)

Statements of Revenues, Expenses, and Changes in Net Position

	Year ended June 30,		Increase (decrease)
	2014	2013	2014 v 2013
Changes in net position:			
Operating revenues	\$ 2,220	\$ 2,530	\$ (310)
Operating expenses	6,489	7,511	(1,022)
Operating loss	(4,269)	(4,981)	712
Nonoperating revenues, net	1,610	4,949	(3,339)
Transfers	446	235	211
Change in net position	\$ (2,213)	\$ 203	\$ (2,416)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

2014 Financial Analysis

Total assets of Commerce RI increased approximately \$2,838,000 during 2014, due principally to increases in cash and cash equivalents, offset by decreases in receivables, and net investment in direct financing leases.

Total liabilities increased approximately \$5,051,000 due principally to increases in unearned revenue, advances from the State for conduit debt obligations, offset by decreases in bonds and leases payable, other payables and accrued expenses, and payables from restricted assets.

2014 Operating Activity

Total operating revenues decreased approximately \$310,000 during 2014, due principally to a decline in revenues derived from the renewable energy program.

Total operating expenses decreased approximately \$1,022,000 during 2014, due principally to a decline in contractual and grant-related expenses.

The operating loss to Commerce RI was approximately \$4,268,000 in 2014 compared to \$4,981,000 in 2013.

Requests for Information

This financial report is designed as a general overview of Commerce RI's financial picture for external and internal stakeholders. Questions concerning any of the information provided in this report or public requests for information should be addressed to the Executive Director, Rhode Island Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATEMENT OF NET POSITION – JUNE 30, 2014

September 18, 2014

For Management Discussion Purposes Only
 Subject to Final Review

	<u>Primary reporting entity</u>	<u>Component unit</u>
	<u>Rhode Island Commerce Corporation</u>	<u>Small Business Loan Fund Corporation</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 1,198,507	\$ 2,548,009
Accounts receivable	28,423	
Notes and loans receivable, less allowance for loan losses		1,414,908
Interest receivable		16,650
Interfund receivable	391,524	
Due from State of Rhode Island	61,115	
Due from other State component units	6,647	
Deposits and prepaid expenses	69,409	6,999
Restricted:		
Cash and cash equivalents	19,898,018	
Grants and other receivables	205,295	
Investments	946,034	
Net investment in direct financing leases	2,188,058	
Total current assets	24,993,030	3,986,566
Noncurrent assets:		
Restricted:		
Cash and cash equivalents	6,253,317	3,358,445
Notes receivable	1,087,601	
Net investment in direct financing leases, less current portion	23,924,836	
Investment in joint venture		1,806,756
Due from other State component units	696,557	
Notes and loans receivable, less allowance for loan losses		3,687,428
Capital assets not being depreciated	128,762	
Capital assets being depreciated, net	50,313	
Total noncurrent assets	32,141,386	8,852,629
Total assets	57,134,416	12,839,195

(continued)

**RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

STATEMENT OF NET POSITION – JUNE 30, 2014 (CONTINUED)

September 15, 2014

For Management Discussion Purposes Only
Subject to Final Review

	Primary reporting entity	Component unit
	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 154,519	\$ 8,186
Accrued expenses and other	656,671	3,265
Interfund payable		391,524
Payable from restricted assets	4,215,918	
Unearned revenue	4,335,704	24,150
Total current liabilities	9,362,812	427,125
Noncurrent liabilities:		
Liabilities payable from restricted cash and cash equivalents	3,092,223	
Net pension obligation	563,333	
Bonds and leases payable, less current portion	26,509,808	
Advance from State for conduit debt obligations	2,500,000	
Unearned revenue	14,473,356	
Total noncurrent liabilities	47,138,720	
Total liabilities	56,501,532	427,125
Commitments and contingencies (Note 10)		
NET POSITION:		
Investment in capital assets	179,075	
Restricted for grants and other programs	1,566,992	3,334,295
Unrestricted	(1,113,183)	9,077,775
Total net position	\$ 632,884	\$ 12,412,070

See notes to financial statements.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2014

September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

	<u>Primary reporting entity</u>	<u>Component unit</u>
	<u>Rhode Island Commerce Corporation</u>	<u>Small Business Loan Fund Corporation</u>
Operating revenues:		
Charges for services:		
Rental fees	\$ 47,021	
Interest on loans	9,651	\$ 419,791
Other income, principally Renewable Energy Fund	2,163,598	
Total operating revenues	2,220,270	419,791
Operating expenses:		
Personnel services	2,967,970	160,318
Contractual services	1,622,356	37,464
Grants	900,197	
Other expenses	975,810	176,079
Provision for loan losses and uncollectibles, net of recoveries		292,759
Depreciation and amortization	22,338	
Total operating expenses	6,488,671	666,620
Operating loss	(4,268,401)	(246,829)

(continued)

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

YEAR ENDED JUNE 30, 2014

September 18, 2014
For Management Discussion Purposes Only
Subject to Final Review

	<u>Primary reporting entity</u>	<u>Component unit</u>
	<u>Rhode Island Commerce Corporation</u>	<u>Small Business Loan Fund Corporation</u>
Nonoperating revenues (expenses):		
Appropriations from State	\$ 15,049,276	
Investment and other revenue	2,490,419	
Interest expense	(2,363,960)	
Grant income	1,379,192	\$ 15,897
Grant expenses	(1,475,958)	(17,187)
Public investment payments and job credits	(6,744,026)	
Expenses related to conduit debt obligations	(2,500,000)	
Other	(4,225,042)	(70,819)
Total nonoperating revenues, net	<u>1,609,901</u>	<u>(72,109)</u>
Loss before transfer	(2,658,500)	(318,938)
Transfer from other State component units	<u>445,492</u>	
Change in net position	(2,213,008)	(318,938)
Total net position, beginning of year	<u>2,845,892</u>	<u>12,731,008</u>
Total net position, end of year	<u>\$ 632,884</u>	<u>\$ 12,412,070</u>

See notes to financial statements.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATEMENT OF CASH FLOWS

September 18, 2014

YEAR ENDED JUNE 30, 2014 For Management Discussion Purposes Only
 Subject to Final Review

	<u>Primary reporting entity</u>	<u>Component unit</u>
	<u>Rhode Island Commerce Corporation</u>	<u>Small Business Loan Fund Corporation</u>
Cash flows from operating activities:		
Receipts from customers/borrowers	\$ 9,563,836	\$ 1,287,643
Payments to suppliers	(4,059,681)	(244,405)
Payments to employees	(3,230,737)	134,430
	2,273,418	1,177,668
Net cash provided by operating activities		
Cash flows from noncapital financing activities:		
State of Rhode Island appropriations received	15,096,300	
Advances from State for conduit debt obligations	2,500,000	
Grants received	2,849,662	15,897
Grant expenditures	(5,701,000)	(17,187)
Public investment payments and job credits	(6,744,026)	
Expenses related to conduit debt obligations	(2,500,000)	
Transfers	445,492	
	5,946,428	(1,290)
Net cash provided by (used in) noncapital financing activities		
Cash flows from capital and related financing activities:		
Interest paid, long-term obligations	(2,363,960)	
Acquisition of capital assets	(19,348)	
Receipts under direct financing leases	2,019,567	
Payments under direct financing leases	(2,019,566)	
Liabilities payable from restricted assets	(1,111,917)	
	(3,495,224)	
Net cash used in capital and related financing activities		
Cash provided by investing activities, interest income	2,491,549	

(continued)

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATEMENT OF CASH FLOWS (CONTINUED)

September 18, 2014

YEAR ENDED JUNE 30, 2014

For Management Discussion Purposes Only
Subject to Final Review

	<u>Primary reporting entity</u>	<u>Component unit</u>
	<u>Rhode Island Commerce Corporation</u>	<u>Small Business Loan Fund Corporation</u>
Net increase in cash and cash equivalents	\$ 7,216,171	\$ 1,176,378
Cash and cash equivalents, beginning of year	20,133,671	4,730,076
Cash and cash equivalents, end of year	<u>\$ 27,349,842</u>	<u>\$ 5,906,454</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (4,268,401)	\$ (246,829)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	22,338	
Provision for loan losses, net		292,759
Changes in assets and liabilities:		
Notes and accounts receivable	744,187	867,852
Deposits and prepaid expenses	4,792	(3,882)
Due to/from other State component units	88,715	294,748
Accounts payable, accrued expenses, and unearned revenue	5,742,731	(26,980)
Net pension obligation	(60,944)	
Net cash provided by operating activities	<u>\$ 2,273,418</u>	<u>\$ 1,177,668</u>

See notes to financial statements.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

1. Description of business and summary of significant accounting policies:

Description of business:

The Rhode Island Commerce Corporation (Commerce RI or the Corporation) (formerly the Rhode Island Economic Development Corporation) was authorized, created, and established in 1974 by an Act (the Act) of the General Assembly of the State of Rhode Island (the State) for the purpose of acquiring and developing real and personal property to promote economic development in the State. Commerce RI, a governmental agency and public instrumentality of the State, has a distinct legal existence from the State and has the power to issue tax-exempt industrial development bonds and revenue bonds to accomplish its corporate purpose. Certain bonds issued under the provisions of the Act are not a liability of Commerce RI and, accordingly, are considered conduit debt obligations and are not reported as liabilities in the accompanying financial statements.

Commerce RI is a component unit of the State for financial reporting purposes. As such, the financial statements of Commerce RI are included in the State's comprehensive annual financial report.

Commerce RI and its component unit are exempt from federal and state income taxes.

Reporting entity:

The accompanying financial statements present Commerce RI (referred to herein as the primary reporting entity) and its component unit, an entity for which Commerce RI has control over and for which Commerce RI has financial accountability. Commerce RI and its component unit are collectively referred to herein as the Corporation.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Corporation applies the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Nos. 39 and 61. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Through the application of GASB criteria, the Small Business Loan Fund Corporation (SBLF) has been presented as a component unit of Commerce RI.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

1. Description of business and summary of significant accounting policies (continued):

Reporting entity (continued):

In August 2008, pursuant to an act of the General Assembly of the State, the management and fund balance of the Renewable Energy Fund (REF) was transferred from the State's Office of Energy Resources to Commerce RI. While Commerce RI is responsible for managing REF, REF does not have separate corporate powers that would distinguish it as being legally separate from Commerce RI; therefore, its activities have been included in the primary reporting entity.

Discretely presented component unit:

SBLF, a discretely presented component unit, is reported in a separate column in the accompanying financial statements to emphasize that it is legally separate from Commerce RI.

SBLF was created and incorporated on January 21, 1986, under Rhode Island law, as a subsidiary of Commerce RI, for the purpose of granting secured and unsecured loans to small businesses located throughout Rhode Island. The SBLF Board serves at the pleasure of the Commerce RI Board.

SBLF does not prepare separate financial statements.

Financial statement presentation, measurement focus, and basis of accounting:

The Corporation engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external users.

The Corporation uses the economic resources management focus and accrual basis of accounting.

The Corporation distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. Operating expenses include the cost of and losses resulting from services provided, administrative expense, and depreciation and amortization expense. All other revenues and expenses are reported as nonoperating revenues and expenses.

Deferred outflows and inflows of resources:

Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period. The Corporation had no deferred inflows or outflows of resources at June 30, 2014 or 2013.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

1. Description of business and summary of significant accounting policies (continued):

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions are the allowances for doubtful accounts and loan losses. Actual results could differ from those estimates.

Recent accounting pronouncement:

Effective for the fiscal year ending June 30, 2015, Commerce RI will be required to adopt the provisions of Statement No. 68 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Pensions* (GASB 68). GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses and expenditures related to pension plans administered through trusts or equivalent arrangements. For defined benefit plans, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB 68 will require more extensive footnote disclosures in employer financial statements. Commerce RI is currently evaluating the effects of GASB 68 on its financial statements.

Cash and cash equivalents, restricted:

Unexpended grant funds, payments received under direct financing leases, and amounts restricted by federal and state requirements are reported as restricted cash and cash equivalents in the accompanying statement of net position and are classified as either current or noncurrent based on the reporting period in which the underlying monies are expected to be used.

Cash and cash equivalents:

The Corporation considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

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1. Description of business and summary of significant accounting policies (continued):

Cash and cash equivalents (continued):

Under the "Rhode Island Collateralization of Public Deposits Act," depository institutions holding deposits of the State, its agencies, or governmental subdivisions of the State, shall, at a minimum, insure or pledge eligible collateral equal to one hundred percent of time deposits with maturities greater than sixty days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity. At June 30, 2014, \$24,299,136 of the Corporation's deposits, excluding money markets, was uninsured and uncollateralized. These deposits were not required to be collateralized based on the criteria set forth in the Rhode Island Collateralization of Public Deposits Act.

Accounts receivable:

Accounts receivable are reported at gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The Corporation does not require collateral or other forms of security from its customers.

Investments:

Money market investments having a maturity of one year or less at the time of purchase are reported on the statement of net position at their amortized cost. All other investments are reported at fair value.

SBLF's investment in a joint venture (see Note 3) is accounted for using the equity method, under which the investment in the joint venture is increased (decreased) by SBLF's share of the venture's undistributed earnings (losses) and decreased by distributions received from the joint venture.

Notes and loans receivable:

Notes and loans receivable are stated at the principal amount outstanding less any charge-offs and an allowance for loan losses. Interest income on notes and loans receivable is recognized over the term of the notes and loans and is calculated using the simple-interest method on principal amounts outstanding.

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1. Description of business and summary of significant accounting policies (continued):

Notes and loans receivable (continued):

Accrual of interest income on notes and loans receivable is discontinued when management has determined that the borrower will be unable to meet contractual obligations. When a note or loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed against current-period income. Interest received on nonaccrual notes and loans is either applied against principal or reported as income according to management's judgment as to the collectibility of principal. Nonaccrual notes and loans may be returned to accrual status when principal and interest payments are not delinquent and the risk characteristics of the note or loan have improved to the extent that there no longer exists a concern as to the collectibility of principal.

The Corporation measures impairment using a discounted cash-flow method, or the loan's observable market price, or the fair value of the collateral if the loan is collateral-dependent. However, impairment is based on the fair value of the collateral if it is determined that foreclosure is probable.

Allowance for loan losses:

The allowance for loan losses is established through a provision charged to operations based on management's assessment of many factors, including the risk characteristics of the notes and loans, current economic conditions that may affect the borrowers' ability to pay, and trends in delinquencies and charge-offs. Realized losses, net of recoveries, are charged directly to the allowance. While management uses information available in establishing the allowance for loan losses, future adjustments to the allowance may be necessary if economic conditions or other factors differ substantially from the assumptions used in making the evaluation.

Capital assets and depreciation:

Capital assets are stated at cost except for capital assets conveyed to the Corporation by the State or the United States of America, which are stated at fair value as of the date of contribution. Expenditures in excess of \$2,500 which substantially increase the useful lives of existing assets are capitalized; routine maintenance and repairs are expensed as incurred. Depreciation of capital assets is calculated using the straight-line method over the estimated useful lives of the assets.

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1. Description of business and summary of significant accounting policies (continued):

Capital assets and depreciation (continued):

The Corporation evaluates its capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted cash flows from the use and disposition of the asset is less than the carrying amount. Generally, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Corporation did not record an impairment loss during the year ended June 30, 2014.

Unearned revenue:

Unearned revenue pertains principally to payments received by the Corporation in advance of revenues earned under terms of applicable energy programs.

Direct financing leases:

Land and buildings leased to unrelated parties under capital leases are recorded as net investment in direct financing leases. Interest income under capital leases consists of the excess of lease payments due under the terms of the leases over the cost of land and buildings and is recognized over the lease terms using the level yield method.

Grants:

Revenues from grants are recognized as soon as all eligibility requirements imposed by the provider have been met.

From time to time, REF will issue forgivable loans or recoverable grants to entities for the purposes of furthering solar technology initiatives. In the year in which the funds are expended, such amounts are recorded as expense, and it is not until the recipient achieves the benchmarks that repayment is triggered, as set forth in the agreements between REF and the recipient, and such amounts are recorded as either loan or recoverable grant receivables. As of June 30, 2014, amounts provided by REF to recipients under forgivable loan and recoverable grant agreements totaled \$1,153,967. As of June 30, 2014, no corresponding amounts have been recorded as receivables, or repaid or recovered.

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1. Description of business and summary of significant accounting policies (continued):

Net position:

The Corporation's net position has been segregated into the following three components:

Investment in capital assets – represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by deferred outflows of resources related to these assets, if any.

Restricted – those that have been limited to uses specified either externally by creditors, contributors, laws, or regulations of other governments or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted – a residual category for the balance of net position

2. Cash and cash equivalents:

Cash and cash equivalents, including restricted amounts, consist of the following at June 30, 2014:

	Commerce RI	SBLF
Deposits held in Bank of America	\$ 18,807,598	\$ 5,906,454
Short-term investments, cash equivalents	8,542,244	
	\$ 27,349,842	\$ 5,906,454

At June 30, 2014, the Corporation had \$32,341,380 (bank balance) on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC).

The carrying amounts of cash equivalents approximate fair value and consist of the following:

Money market mutual funds, Bank of America	\$ 3,811,030
Money market mutual funds, U.S. Bank	4,731,214
	\$ 8,542,244

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2. Cash and cash equivalents (continued):

The bank balance of the Corporation's cash and cash equivalents, excluding money market accounts, is as follows:

	Commerçe RI	SBLF
Bank balance	\$ 18,892,682	\$ 5,906,454
Bank balance insured by federal depository insurance	250,000	250,000
Uninsured or uncollateralized	\$ 18,642,682	\$ 5,656,454

The Corporation's money market mutual funds at Bank of America are invested in Goldman Sachs Financial Square Funds – Government (FGTXX) as of June 30, 2014. The fund is designed to maintain a stable share price of \$1.00 and maintains a dollar weighted average maturity of 53 days as of June 30, 2014. At June 30, 2014, the funds were invested as follows: 58% in a government agency repurchase agreement, 41% in government agency debt, and 1% in United States treasury debt. As of June 30, 2014, the fund was rated Aaa3 by Moody's Investors Services (Moody's) and AAAM2 by Standard & Poor's (S&P).

The Corporation's money market mutual fund accounts held at U.S. Bank are invested in Fidelity Institutional Money Market Government Portfolio – Class I (FIGXX) as of June 30, 2014. The fund is designed to maintain a stable share price of \$1.00 and maintains a dollar weighted average maturity of 57 days as of June 30, 2014. At June 30, 2014, approximately 80% of the securities in which the funds are invested are backed by the full faith and credit of the United States Government; the remainder is neither insured nor guaranteed by the United States Government. As of June 30, 2014, the fund was rated AAA-mf by Moody's and AAAM by S&P.

Interest rate risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market value interest rates.

Although it has no established policy, the Corporation manages its exposure to declines in fair values by limiting the term of liquid investments to less than 60 days.

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2. Cash and cash equivalents (continued):

Credit risk:

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment and is measured by the assignment of a rating by a nationally recognized statistical rating organization to debt securities. Although it has no established policy, the Corporation manages its exposure to credit risk by monitoring the ratings assigned to such securities, as applicable.

Concentration of credit risk:

Although it has no established policy, the Corporation continually evaluates alternative investment options to diversify its portfolio and maximize interest income.

Custodial credit risk:

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Corporation's deposits and investments may not be returned. The Corporation does not have a deposit or investment policy for custodial credit risk. The Corporation manages the custody of its cash and cash equivalents through analysis and review of the custodians' or counterparties' credit worthiness.

3. Investments:

At June 30, 2014, the Corporation's investments consist of the following:

	Commerce RI	SBLF
United States government obligations	\$ 946,034	
Investment in joint venture		\$ 1,806,756
	\$ 946,034	\$ 1,806,756

As of June 30, 2014, Commerce RI funds were invested in United States government obligations that accrue interest at 2.50% and have a maturity date of April 30, 2015. The obligations were rated Aaa by Moody's and AAA by S&P.

The State Small Business Credit Initiative (SSBCI) received by the State is being administered through SBLF. During fiscal year 2012, SBLF and Betaspring Managers 100, LLC (Betaspring Managers 100) formed Startup Investments, LLC (Startup), a joint venture. Under the terms of the Startup Operating Agreement, SBLF's initial contribution was \$2,000,000. In exchange for the \$2,000,000 investment, SBLF received half of the 100,000 outstanding shares of common stock in Startup.

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3. Investments (continued):

Also during fiscal year 2012, Startup invested in BetaSpring, an entity that helps develop entrepreneurs through a “bootcamp” process to allow their “graduates” to be placed before investors to help bootstrap their idea into a future viable business. BetaSpring acquires a 6% interest in the common stock of the entrepreneurs’ companies via BetaSpring Managers 100. BetaSpring does not prepare separate financial statements.

SBLF has accounted for its investment in Startup as an investment in a joint venture due to SBLF's ongoing financial interest in BetaSpring. Since the date of its initial contribution, SBLF's share of net loss incurred by the investment in Startup was \$193,244, which is classified as other nonoperating expense on the statement of revenues, expenses, and changes in net position for the year ended June 30, 2014.

4. Loans and notes receivable:

Provision for loan losses:

An analysis of SBLF's allowance for loan losses for the year ended June 30, 2014 is as follows:

Balance, beginning of year	\$ 645,400
Provision for loan losses	350,952
Loans charged off	<u>(602,214)</u>
Balance, end of year	<u>\$ 394,138</u>

Commitments:

SBLF had the following outstanding loan and grant commitments at June 30, 2014:

Commitments to originate loans	\$ 1,200,000
Undisbursed portions of commercial loans	7,196

REF had loan and grant commitments at June 30, 2014 of \$2,710,121.

Notes receivable:

Commerce RI issues notes and grants loans to private-sector entities and others located in Rhode Island. The ability of Commerce RI's debtors to honor their contracts is primarily dependent upon various factors, including among others, the financial success of the borrower, success of the project financed, and general economic conditions in Rhode Island.

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5. Capital assets:

	Depreciable life	Balance, July 1, 2013	Increases	Decreases	Balance, June 30, 2014
Capital assets not being depreciated, land		\$ 128,762		\$ -	\$ 128,762
Capital assets being depreciated:					
Equipment	5	92,898	\$ 19,348		112,246
Automobiles	5	22,038			22,038
Total capital assets being depreciated		114,936	19,348		134,284
Accumulated depreciation:					
Equipment		(54,287)	(17,930)		(72,217)
Automobiles		(7,346)	(4,408)		(11,754)
Total accumulated depreciation		(61,633)	(22,338)		(83,971)
Total capital assets being depreciated, net		53,303	(2,990)		50,313
Total capital assets, net		\$ 182,065	\$ (2,990)	\$ -	\$ 179,075

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6. Long-term debt:

Bonds payable and net investment in direct financing leases:

During 1995, Commerce RI issued bonds totaling \$34,070,000 to finance the rehabilitation and other related costs of the Shepard Building. The debt service on the bonds was being funded by the State under a lease agreement between the Corporation and the State. In August 1997, the Corporation transferred the Shepard Building to the State through a Certificate of Participation Plan and the lease receivable from the State and the bonds were removed from the Corporation's financial statements. The outstanding balance of these defeased bonds at June 30, 2014 was approximately \$8,320,000.

During 1996, Commerce RI issued \$25,000,000 of 1996 Series bonds to finance the acquisition of land and to make land improvements and construct a building at Island Woods Industrial Park (the FMR Rhode Island, Inc. Project). The 1996 Series bonds bear interest at 8.28%, are payable in semi-annual installments of approximately \$1,244,000, and mature May 1, 2021. During 2002, Commerce RI issued \$10,000,000 of 2002 Series bonds to the FMR Rhode Island, Inc. Project. The 2002 Series bonds bear interest at 7.24%, interest only until 2008, and mature in 2027. Amounts outstanding under the bonds are secured by the direct financing lease discussed below.

During November 1997, Commerce RI issued \$11,000,000 of 1997 Series bonds to finance the acquisition of land and to make improvements and renovations to a building and parking lot (the Fleet National Bank Project). The 1997 Series bonds bear interest at 7.61%, are payable in semi-annual installments of approximately \$43,000, and mature May 1, 2027. Amounts outstanding under the bonds are secured by the direct financing lease discussed below.

Aggregate scheduled principal and interest payments due on Commerce RI's revenue bonds and total future minimum lease payments receivable at June 30, 2014 are as follows:

Year ending June 30,	Principal	Interest
2015	\$ 2,188,058	\$ 2,199,403
2016	2,365,511	2,023,604
2017	2,560,035	1,828,449
2018	2,765,676	1,619,895
2019	2,990,807	1,394,568
2020-2024	10,805,905	3,696,956
2025-2027	5,021,874	672,166
	28,697,866	<u>\$ 13,435,041</u>
Less current portion	<u>2,188,058</u>	
Net long-term portion of bonds payable	<u>\$ 26,509,808</u>	

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6. Long-term debt (continued):

Bonds payable and net investment in direct financing leases (continued):

Commerce RI has entered into direct financing leases with Bank of America and FMR Rhode Island, Inc. (FMR). Total minimum lease payments receivable and unearned income under direct financing leases is equivalent to scheduled aggregate principal payments and scheduled aggregate interest payments, respectively, under the bonds payable, net of job rent credits. Job rent credits are payable by Commerce RI semi-annually over the life of the bonds provided that the lessees achieve certain job targets. For the year ended June 30, 2014, job rent credits issued by Commerce RI totaled \$3,184,026.

Cash and investments on hand related to, and collections on, net investment in direct financing leases are restricted to pay the bonds issued to finance such direct financing lease transactions. The current portion of amounts payable from restricted assets of \$4,215,918 includes the \$2,188,058 current portion of long-term debt and \$2,027,860 of other grant-related current liabilities payable from restricted assets (see Note 12).

Changes in long-term obligations during the year ended June 30, 2014, excluding the net pension obligation and including SBLF, were as follows:

	Balance, July 1, 2013	Additions	Reductions	Balance, June 30, 2014	Amounts due within one year
Revenue bonds	\$ 30,717,432		\$ (2,019,566)	\$ 28,697,866	\$ 2,188,058
Advance from State for conduit debt obligations		\$ 2,500,000		2,500,000	
Unearned revenue Payable from restricted assets	12,544,476	6,304,631	(15,897)	18,833,210	4,359,854
	<u>3,092,877</u>		<u>(654)</u>	<u>3,092,223</u>	
	<u>\$ 46,354,785</u>	<u>\$ 8,804,631</u>	<u>\$ (2,036,117)</u>	<u>\$ 53,123,299</u>	<u>\$ 6,547,912</u>

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7. State appropriations:

During the year ended June 30, 2014, Commerce RI received the following appropriations from the State:

Budget	\$ 3,944,514
Legislative	590,836
Slater technology fund	1,000,000
Public investment payment (Note 10)	3,560,000
Job rent credits (Note 6)	3,184,026
RI Airport Impact Aid	1,007,421
Science and Technology Advisory Council (STAC)	1,150,000
Innovative Matching Grants (IMG)	500,000
Leased employee	83,443
Stimulus – State Energy	3,630,000
Other grant reimbursements	335,271
	18,985,511
Less STAC unearned revenue at June 30, 2014	(442,608)
Less IMG unearned revenue at June 30, 2014	(156,476)
Less Stimulus – State Energy unearned revenue at June 30, 2014	(3,630,000)
Less other grant unearned revenue at June 30, 2014	(15,975)
Less due from State at June 30, 2014	(61,115)
Add STAC unearned revenue at June 30, 2013	308,824
Add due from State at June 30, 2013	108,139
	\$ 15,096,300

For the year ended June 30, 2014, appropriations by the General Assembly of the State received by Commerce RI to fund its expenses comprised approximately 71% of Commerce RI's total operating and nonoperating revenues.

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8. Pension plans:

Commerce RI pension plan:

Employees of the Corporation hired prior to January 1, 2006 are covered by the Rhode Island Commerce Corporation Pension Plan and Trust (the Plan), a single-employer defined benefit pension plan administered by Commerce RI. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Cost-of-living adjustments are provided to members and beneficiaries. The Plan was amended in 2009 to eliminate the 3% cost-of-living adjustment with respect to participants and beneficiaries who commence benefit payments after March 1, 2009. The Plan assigns to Commerce RI the authority to amend benefit provisions. The actuarially determined benefits are based on 60% of average compensation and are adjusted based on length of service. The minimum length of service is one year and employees are fully vested after five years of service.

Funding policy:

The contribution requirements are established by Commerce RI. Plan members are not required to contribute to the Plan. The Corporation is responsible for funding the cost of all benefits.

Annual pension cost and net pension obligation:

Commerce RI's annual pension cost for the year ended June 30, 2014 and net pension obligation were as follows:

Annual required contribution	\$ 209,587
Interest on net pension obligation	96,279
Adjustment to annual required contribution	<u>(241,856)</u>
Annual pension cost	64,010
Contributions made	<u>(209,588)</u>
Decrease in net pension obligation	(145,578)
Net pension obligation, beginning of year	<u>1,481,222</u>
Net pension obligation, end of year	<u><u>\$ 1,335,644</u></u>

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8. Pension plans (continued):

Annual pension cost and net pension obligation (continued):

The net pension obligation and annual pension cost are allocated by the Plan's actuary between Commerce RI and the QDC, an entity established for the purpose of developing and managing state lands for commercial purposes. At June 30, 2014, \$563,333 and \$772,311 of the net pension obligation was allocated to Commerce RI and QDC, respectively.

The annual required contribution for the current year was determined as part of the July 1, 2014 actuarial valuation using the aggregate actuarial cost method. This method does not identify and separately amortize unfunded actuarial liabilities. The actuarial assumptions included a 6.5% investment rate of return and projected salary increases of 3% per year. The actuarial value of assets was determined using the market value of investments.

Three-year trend information

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 64,010	\$ 209,588	327.4%	\$ 1,335,644
2013	\$ 92,989	\$ 260,000	279.6%	\$ 1,481,222
2012	\$ 7,355	\$ 125,000	1700.0%	\$ 1,648,233

Funding progress:

As of July 1, 2014, the latest actuarial valuation date, the actuarial value of assets in the Plan was \$17,707,598 and the actuarial accrued liability was \$16,624,474, for a funding excess of \$1,083,124. The actuarial value of assets as a percentage of the actuarial accrued liability was 106.5% at June 30, 2014. Annual covered payroll was \$2,736,233; the funding excess is 39.6% of covered payroll. Since the aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using an entry age normal actuarial cost method for that purpose and is intended to serve as a surrogate for the funded status and funding progress of the Plan.

The schedule of funding progress presented as required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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8. Pension plans (continued):

Other plans:

Employees of Commerce RI hired on or after January 1, 2006 participate in the Commerce RI Section 401a Retirement and Savings Plan (the 401a Plan), a discretionary contribution plan. The 401a Plan provides for Commerce RI to make discretionary matching or additional contributions as approved by the Board of Directors. For the fiscal year ended June 30, 2014, Commerce RI contributed 4% of eligible salary and provided up to an additional 3% to the extent the employee participated in the Commerce RI Section 457 Deferred Compensation Plan (the 457 Plan). Contributions for the fiscal year ended June 30, 2014 were \$107,032. All employees are eligible to participate in the 457 Plan. Both the 401a Plan and the 457 Plan are calendar year based.

Defined benefit plan:

Certain employees of Commerce RI participate in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Rhode Island Employees' Retirement System (ERS). The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. The level of benefits provided to State employees is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly.

Funding policy:

The funding policy, as set forth in the General Laws, Section 36-10-2, provides for actuarially determined periodic contributions to the plan. Participating Commerce RI employees are required to contribute 3.75% of their annual covered salary. Commerce RI is required to contribute at an actuarially determined rate; the rate was 23.05% of annual covered payroll for the fiscal year ended June 30, 2014. Commerce RI contributed \$21,005, \$19,301 and \$20,736 for the fiscal years ended June 30, 2014, 2013 and 2012, respectively, equal to 100% of the required contributions for each year.

Defined contribution plan:

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10-3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions are vested after three years of contributory service.

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8. Pension plans (continued):

Defined contribution plan (continued):

Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

Commerce RI contributed \$911 for each of the fiscal years ended June 30, 2014 and 2013 respectively, equal to 100% of the required contributions for each year to the defined contribution plan. The fiscal year ended June 30, 2013 was the first year of the defined contribution plan.

The ERS issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained by writing to the Employees' Retirement System of Rhode Island, 50 Service Avenue, Warwick, RI 02886.

9. Postemployment healthcare plan:

For certain employees, Commerce RI contributes to the State Employees' defined benefit post-employment health care plan (OPEB Plan), a cost-sharing multiple employer plan administered through the Rhode Island State Employees' and Electing Teachers OPEB System (OPEB System). The State of Rhode Island OPEB Board (OPEB Board) was authorized, created, and established under Chapter 36-12.1 of the Rhode Island General Laws. The Board was established to independently hold and administer, in trust, the funds of the OPEB System. The plan provides medical benefits to certain retired employees of participating employers, including Commerce RI.

Pursuant to legislation enacted by the General Assembly, a trust has been established to accumulate assets and pay benefits and other costs associated with the OPEB System.

The OPEB System issues a stand-alone publicly available financial report. A copy can be obtained from the State Controller's Office, 1 Capitol Hill, Providence, RI 02908.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

9. Postemployment healthcare plan (continued):

Funding policy:

Rhode Island General Law (RIGL) Sections 36-12.1, 36-12.2.2, and 36-12-4 govern the provisions of the OPEB System. The contribution requirements of plan members, the State, and other participating employers are established and may be amended by the General Assembly. Active employees make no contribution to the OPEB Plan. Employees who retired after October 1, 2008 must contribute 20% of the annual estimated benefit cost (working rate) or annual premium for Medicare supplemental coverage. Employees retiring before October 1, 2008 have varying co-pay percentages ranging from 0% to 50% based on age and years of service at retirement. Further information about the contributions of plan members can be found in the financial report of the OPEB System.

All participating employers are required by law to fund the actuarially determined annual required contribution (ARC), which for fiscal year 2014 was 7.07% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years. Commerce RI's contribution to the OPEB Plan for the years ended June 30, 2014, 2013 and 2012 was approximately \$6,400, \$6,000 and \$6,400, respectively, representing 100% of the ARC.

10. Commitments and contingencies:

Grants:

Under the terms of federal and other grants, periodic expenditures financed by grants are subject to audits by the grantors or their representatives and, consequently, certain costs may be questioned as not being appropriate, and result in reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. Corporation officials believe that such disallowances, if any, would not be material.

Public investment payments:

Commerce RI has entered into a Public Investment and HOV Agreement dated September 9, 1996 (the PIP Agreement) with Providence Place Group Limited Partnership (PPG). The PIP Agreement requires Commerce RI to make annual public investment payments to PPG equal to the lesser of \$3,680,000 or two-thirds of the actual amount of sales tax paid to the State by virtue of sales occurring at or within Providence Place Mall (the Mall) for the first five years, and annual public investment payments to PPG equal to the lesser of \$3,560,000 or two-thirds of the actual amount of sales tax paid to the State by virtue of sales occurring at or within the Mall for the next 15 years. Commerce RI's requirement to make public investment payments to PPG is subject to the State's annual appropriations to Commerce RI of related sales tax. During the year ended June 30, 2014, Commerce RI made public investment payments to PPG totaling \$3,560,000.

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

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10. Commitments and contingencies (continued):

Litigation:

As part of the condemnation of various parcels of real estate relating to the FMR Project, actions against Commerce RI have been filed in Providence Superior Court (the Court) appealing the order of the Court regarding the amount to be paid by Commerce RI for the condemned properties. The Plaintiffs have not stated specific damage amounts. Subject to the Ground Lease entered into between Commerce RI and FMR (see Note 6), FMR is obligated to pay the Corporation's costs resulting from such condemnation. The likelihood of an unfavorable outcome and the amount or range of potential loss to Commerce RI, if any, is unknown.

Commerce RI and SBLF are defendants in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of Commerce RI's management, the resolution of these matters will not have a material adverse effect on the financial position of Commerce RI or SBLF.

The Corporation has been named, along with other parties, in a pending lawsuit for negligence. The Corporation is unable to determine the likely outcome and potential liability due as a result of the lawsuit; therefore, no liability has been recorded in the accompanying financial statements.

Risk management:

Commerce RI is self-insured for unemployment compensation. No accrual has been made for claims expected to arise from services rendered on or before June 30, 2014 because Commerce RI officials are of the opinion that, based upon prior years' experience, any claims will not be material.

Commerce RI is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which Commerce RI carries commercial insurance. Neither Commerce RI nor its insurers have settled any claims which exceeded Commerce RI's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

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10. Commitments and contingencies (continued):

Private-sector entity insured commitment:

Under a Settlement Agreement, dated March 3, 2001, by and between Cyto Therapeutics, Inc. (CTI), Commerce RI, Rhode Island Industrial-Recreational Building Authority (RIIRBA), and Rhode Island Industrial Facilities Corporation (RIIFC) (both component units of the State), Commerce RI advanced to RIIRBA an amount equal to that previously funded by CTI and held in reserve by RIIRBA. The reserve is to be used by RIIRBA to fund shortfalls, if any, resulting from the difference between the amounts required to repay the outstanding bonds on the related building formerly occupied by CTI and insured by RIIRBA and the lease payments received or proceeds from the sale of the building. Upon repayment of all outstanding bonds relating to the building, RIIRBA will return to Commerce RI any unused funds. At June 30, 2014, \$696,557 is due from RIIRBA.

11. Conduit debt obligations and credit enhancements:

From time to time, Commerce RI issues revenue bonds and notes to provide financial assistance to private-sector and public-sector entities for the acquisition and construction of industrial and commercial facilities. The bonds and notes are secured by the property financed and are payable solely from payments received on the underlying mortgage loans and lease agreements. Upon repayment of the bonds and notes, ownership of the acquired facilities transfers to the private-sector or public-sector entity serviced by the bond or note issuance. Commerce RI is not obligated in any manner for repayment of the bonds and notes, except for those obligations in default that were issued with a credit enhancement by the Corporation under the Job Creation Guaranty Program, as described below. The bonds and notes are not reported as liabilities in the accompanying financial statements.

Under the terms of the various indentures and related loan and lease agreements, the private-sector and public-sector entities make loan and lease payments directly to the trustees of the related bond and note issues in amounts equal to interest and principal payments due on the respective issues. Accordingly, the payments are not shown as receipts and disbursements of Commerce RI.

During the fiscal 2010 legislative session, the General Assembly approved the Job Creation Guaranty Program (JCGP), which authorizes Commerce RI to provide credit enhancements of up to \$125,000,000 on bonds or loans privately placed with capital providers and banks. The State will use its "moral obligation" authority to guarantee debt service payments to the bondholders and lenders.

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

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11. Conduit debt obligations and credit enhancements (continued):

In 2013, the General Assembly eliminated the JCGP, however, existing guarantees or bond obligations under the JCGP will remain in force and effect until retired pursuant to the terms of each transaction. Total outstanding guarantees as of June 30, 2014 are \$71,929,674, including 38 Studios, as described below, in the amount of \$67,560,000.

On November 2, 2010, a loan in the amount of \$75,000,000 was provided to 38 Studios LLC (38 Studios) under the JCGP as follows:

Capital Reserve Account, held by trustee	\$ 12,750,000
Capitalized Interest Account, held by trustee	10,600,000
Amount available for the 38 Studios Project and bond issuance costs	<u>51,650,000</u>
	<u>\$ 75,000,000</u>

Under this program, the State used its "moral obligation" authority to guarantee debt service payments to the bondholders.

On June 7, 2012, 38 Studios filed for bankruptcy under Chapter 7 in Delaware listing \$151,000,000 in liabilities and \$21,700,000 in assets. On August 8, 2012, a federal judge allowed the assets to be liquidated through the state court in Rhode Island.

This is a conduit debt transaction and, accordingly, this loan is not reported as a liability in the accompanying financial statements. Commerce RI is obligated to the bondholders under the loan and trust agreement for all sums borrowed and not repaid, provided, however, that the bondholders may only satisfy such obligation by executing upon the collateral pledged pursuant to the terms of the loan and trust agreement. Pursuant to RIGL Section 42-64-18(5), all amounts paid to the bondholders and lenders by the State on behalf of Commerce RI pursuant to the provisions of this section shall constitute and be accounted for as advances by the State to Commerce RI. During the year ended June 30, 2014, the amounts paid to Commerce RI to satisfy debt service obligations related to the JCGP (i.e., 38 Studios) totaled \$2,500,000, which is recorded in the accompanying financial statements as a liability of Commerce RI payable to the State.

As of June 30, 2014, all project-related funds maintained by the Trustee have been completely expended, with the exception of \$68,742 available in the Principal and Interest Sinking Fund. This balance represents the cumulative investment earnings to date on all deposits as well as the balance available after subtracting the scheduled bond payment made in May 2014 (\$2,431,506) from the amount that was appropriated by the General Assembly and paid to Commerce RI (\$2,500,000).

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

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11. Conduit debt obligations and credit enhancements (continued):

On July 22, 2014, a Rhode Island Superior Court ruling upheld an initial legal settlement entered into by Commerce RI with a law firm in connection with Rhode Island Economic Development Corporation v. Wells Fargo, et al. pending in the Providence Superior Court, which resulted in the gross payment of \$4,370,000. After payment of fees, costs and expenses, the net amount from the settlement of \$3,171,441 was paid to Bank of New York Mellon Trust Company, N.A. for the benefit of the bondholders of the "Rhode Island Economic Development Corporation's Job Creation Guaranty Program Series 2010 (38 Studios LLC Project)" bonds.

In accordance with the enabling legislation and an agreement between Commerce RI, the trustee, and 38 Studios, should amounts in the Capital Reserve Account fall below minimum requirements, Commerce RI has agreed to present the Governor of Rhode Island with a certificate stating the amounts required to restore any shortfall and the Governor is required to include such amounts in a budget request for appropriation to the General Assembly. The General Assembly may, but is not required to, appropriate such amounts. The General Assembly approved approximately \$12.3 million in its budget for the fiscal year ending June 30, 2015 to cover the scheduled bond payments in November 2014 and May 2015. The total debt service for the issuance is \$112,587,089, but the remaining debt service as of June 30, 2014 is \$86,802,093, with reserves of approximately \$465,817. The maximum annual debt service is \$12,749,913.

The total aggregate principal amount outstanding under all conduit debt obligations at June 30, 2014 was approximately \$909,428,000.

12. ProvPort crane and barge project:

During the year ended June 30, 2013, the United States Department of Transportation, Maritime Administration (MARAD), and Commerce RI executed a Grant Agreement, and Commerce RI and ProvPort, Inc. (the Organization) executed a Sub-grant Agreement, regarding a Transportation Investments Generating Economic Recovery Grant II (TIGER II Grant). Under the terms of the Grant Agreement, Commerce RI and the Organization were designated as grant recipient and sub-recipient, respectively, of TIGER II Grant funds of up to \$10,500,000 for the purchase of two mobile harbor cranes, two barges, and related equipment (collectively, the Project).

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

September 18, 2014

For Management Discussion Purposes Only
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12. ProvPort crane and barge project (continued):

Title to the cranes, barges, and other equipment (the Project Equipment) is held solely by Commerce RI. The Project Equipment, which is located at the Port of Providence, has been leased by Commerce RI to the Organization. Upon final payment of the lease obligations, or after a minimum of three years and repayment of the Organization's Bank of America loan, title to the Project Equipment will vest in the Organization. Commerce RI and the Organization have entered into separate lease agreements for the cranes and barges. Each lease features a term of twelve years and annual payments of \$1. At the end of each lease term, the Organization has the option to purchase the cranes and barges for \$1. Commerce RI has provided a first priority security interest in the barges to Bank of America. Commerce RI and the Organization have granted a collateral assignment of their respective interests in the leases to Bank of America. Based on the terms of this agreement, Commerce RI has accounted for this lease as a direct financing capital lease.

At June 30, 2014, Commerce RI has restricted cash on hand and a liability payable to the Organization from restricted cash of \$2,027,860 pertaining to amounts received by Commerce RI from MARAD yet to be remitted to the Organization.

Commerce RI earned an annual administrative fee from the Organization in the amount of one-eighth of one percent of the Project cost, which amounted to \$26,572 for the year ended June 30, 2014.

13. Contractual services:

Contractual services expense by service category for Commerce RI and SBLF for the year ended June 30, 2014 is as follows:

	Commerce RI	SBLF
Information technology	\$ 187,300	
Legal services	569,217	\$ 31,354
Consulting	589,276	
Other	276,563	6,110
	\$ 1,622,356	\$ 37,464

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

September 18, 2014

For Management Discussion Purposes Only
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14. Subsequent events:

On August 27, 2014, Bridge Bank sent a notice of nonpayment to Commerce RI in accordance with Commerce RI's guaranty (the Guaranty) of a term loan advanced by Bridge Bank to a borrower under the JCGP. The loan was a part of the JCGP created in 2010 by the General Assembly. Under this program, the State used its "moral obligation" authority to guarantee debt service payments to the bondholders.

In accordance with its obligations under the Guaranty, Commerce RI made payment of the amounts sought by Bridge Bank (the Advance) and subsequently made demand upon the borrower to pay Commerce RI for such Advance. As of September 30, 2014, the amounts paid from JCGP reserves held by Commerce RI totaled \$75,336, representing the August payment on the Advance. Should the borrower be unable to recover financially, the total remaining amount of the Advance Commerce RI would be morally obligated to pay would approximate \$3,300,000. Bank RI holds approximately \$1,000,000 in the Capital Reserve Account at September 30, 2014 to cover debt service payments on the Advance, leaving a net potential liability to Commerce RI, and therefore the State, of approximately \$2,300,000. As of September 30, 2014, this remains a developing situation and it is unclear whether Commerce RI will be required to make good on its guaranty.

In the event Commerce RI is called upon to make payments in accordance with its guaranty, Commerce RI has agreed to present the Governor of Rhode Island with a certificate stating the amounts required to restore any shortfall and the Governor is required to include such amounts in a budget request for appropriation to the General Assembly. The General Assembly may, but is not required to, appropriate such amounts. Such actions are in accordance with the enabling legislation of the program and an agreement between Commerce RI, the trustee, and the borrower.

RHODE ISLAND COMMERCE CORPORATION
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SCHEDULE OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2014

September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

Commerce RI's schedule of funding progress for the Pension Plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	AAL as a percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$14,895,987	\$14,943,184	\$ 47,197	99.7%	\$3,026,453	1.6%
7/1/2013	\$16,002,801	\$15,973,599	\$ (29,202)	100.2%	\$2,768,284	-1.1%
7/1/2014	\$17,707,598	\$16,624,474	\$(1,083,124)	106.5%	\$2,736,233	-39.6%

Since the aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities, information about funded status and funding progress was prepared using the entry age normal actuarial cost method for that purpose and is intended to serve as a surrogate for the funded status and funding progress of the Plan.

September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

Independent Auditors' Report on Accompanying Information

Board of Directors
Rhode Island Commerce Corporation
Providence, Rhode Island

Our audit was performed for the purpose of forming an opinion on the 2014 basic financial statements of the Rhode Island Commerce Corporation, a component unit of the State of Rhode Island, taken as a whole. The accompanying supplementary information on pages 41 through 51 is presented for purposes of additional analysis and is not a required part of the 2014 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Providence, Rhode Island
_____, 2014

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2014

YEAR ENDED JUNE 30, 2014

For Management Discussion Purposes Only
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Federal Grantor/Program Title/ Pass-through grantor	Federal CFDA Number	Federal Expenditures
DEPARTMENT OF DEFENSE		
Procurement Technical Assistance for Business Firms	12.002	\$ 419,849
DEPARTMENT OF COMMERCE		
Investing in Manufacturing Communities Partnership	11.307	48,347
Technical Emergency Support Equipment & Planning Grant	97.042	16,000
State Broadband Data and Development Grant Program - ARRA	11.558	796,625
Economic Adjustment Assistance	11.307	10,305,881
Total Department of Commerce		11,166,853
DEPARTMENT OF HOMELAND SECURITY		
Port Security Grant Program	97.056	87,651
ENVIRONMENTAL PROTECTION AGENCY		
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	1,290
Total expenditures of federal awards		\$ 11,675,643

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED FORMAT

September 18, 2014

JUNE 30, 2014

For Management Discussion Purposes Only
Subject to Final Review

Combined Statement of Net Position

Attachment B

Assets

Current assets:

Cash and cash equivalents	\$ 3,746,516
Investments	
Receivables (net)	1,459,981
Restricted assets:	
Cash and cash equivalents	19,898,018
Investments	3,134,092
Receivables (net)	205,295
Other assets	
Due from primary government	61,115
Due from other State component units	6,647
Due from other governments	
Inventories	
Other assets	76,408

Total current assets	28,588,072
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Noncurrent assets:

Investments	1,806,756
Receivables (net)	3,687,428
Restricted assets:	
Cash and cash equivalents	9,611,762
Investments	23,924,836
Receivables (net)	
Other assets	1,087,601
Due from other State component units	696,557
Capital assets - nondepreciable	128,762
Capital assets - depreciable (net)	50,313
Other assets, net of amortization	

Total noncurrent assets	40,994,015
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Total assets	69,582,087
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Deferred outflows of resources, accumulated decrease in fair value of hedging derivatives

(continued)

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED FORMAT

September 18, 2014

JUNE 30, 2014

For Management Discussion Purposes Only
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Combined Statement of Net Position (Continued)

Attachment B

Liabilities

Current liabilities:

Cash overdraft	
Accounts payable	\$ 162,705
Due to primary government	
Due to other State component units	
Due to other governments	
Unearned revenue	4,359,854
Other liabilities	2,687,796
Current portion of long-term debt	2,188,058
	9,398,413
Total current liabilities	9,398,413

Noncurrent liabilities:

Due to primary government	
Advance from State for conduit debt obligations	2,500,000
Due to other governments	
Due to other State component units	
Unearned revenue	14,473,356
Notes payable	
Loans payable	
Obligations under capital leases	
Net pension obligation	563,333
Other liabilities	3,092,223
Compensated absences	
Bonds payable	26,509,808
	47,138,720
Total noncurrent liabilities	47,138,720

Total liabilities	56,537,133
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Deferred inflows of resources

Accumulated increase in fair value of hedging derivatives	
Deferred service concession agreement receipts	
Total deferred inflows of resources	

(continued)

RHODE ISLAND COMMERCE CORPORATION
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STATE OF RHODE ISLAND REQUIRED FORMAT

September 18, 2014

JUNE 30, 2014

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Combined Statement of Net Position (Continued)

Attachment B

Net position	
Investment in capital assets	\$ 179,075
Restricted for:	
Debt	
Other (deficit)	
Other nonexpendable	4,901,287
Unrestricted	<u>7,964,592</u>
 Total net position	 <u><u>\$ 13,044,954</u></u>

Draft

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED FORMAT

September 18, 2014

JUNE 30, 2014

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<u>Combined Statement of Activities</u>	<u>Attachment C</u>
Expenses	\$ 24,552,283
Program revenues:	
Charges for services	2,210,619
Operating grants and contributions	1,395,089
Capital grants and contributions	-
Total program revenues	<u>3,605,708</u>
Net (expenses) revenues	<u>(20,946,575)</u>
General revenues:	
Interest and investment earnings	2,919,861
Miscellaneous revenue	<u>15,049,276</u>
Total general revenues	<u>17,969,137</u>
Income before transfers and special and extraordinary items	(2,977,438)
Transfer from other State component unit	445,492
Special items	
Extraordinary items	
Change in net position	<u>(2,531,946)</u>
Total net position - beginning	<u>15,576,900</u>
Total net position - ending	<u>\$ 13,044,954</u>

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED FORM September 18, 2014

JUNE 30, 2014

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Combined Schedule of Long-Term Debt

Attachment D

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,188,058	\$ 2,199,403
2016	2,365,511	2,023,604
2017	2,560,035	1,828,449
2018	2,765,676	1,619,895
2019	2,990,807	1,394,568
2020-2024	10,805,905	3,696,956
2025-2027	5,021,874	672,166
	<u>\$ 28,697,866</u>	<u>\$ 13,435,041</u>

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RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED FORMAT

YEAR ENDED JUNE 30, 2014

Attachment E

Combined Schedule of Changes in Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Bonds payable	\$ 30,717,432		\$ 2,019,566	\$ 28,697,866	\$ 2,188,058	\$ 26,509,808
Net unamortized premium/discount						
Deferred amount on refunding						
Bonds payable	<u>30,717,432</u>		<u>2,019,566</u>	<u>28,697,866</u>	<u>2,188,058</u>	<u>26,509,808</u>
Notes payable						
Loans payable						
Obligations under capital leases						
Net OPEB obligation	624,277		60,944	563,333		563,333
Compensated absences	99,748		6,902	92,846	92,846	-
Due to primary government and agencies						
Due to other governments						
Advance from State for conduit debt obligations	-	\$ 2,500,000		2,500,000	-	2,500,000
Unearned revenue	12,544,476	6,304,631	15,897	18,833,210	4,359,854	14,473,356
Due to other State component units						
Other liabilities, payable from restricted assets	<u>3,092,877</u>		<u>654</u>	<u>3,092,223</u>		<u>3,092,223</u>
	<u>\$ 47,078,810</u>	<u>\$ 8,804,631</u>	<u>\$ 2,103,963</u>	<u>\$ 53,779,478</u>	<u>\$ 6,640,758</u>	<u>\$ 47,138,720</u>

RHODE ISLAND COMMERCE CORPORATION
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SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES

YEAR ENDED JUNE 30, 2014

Date	Payee	Amount	Purpose
7/18/2013	Dorothy Reynolds	\$ 1,254	APTAC Summer Board Meeting in New Orleans, LA
7/18/2013	Mark Brodeur	675	Registration Fee for US Travel Assoc. ESTO conference in Richmond, VA
8/8/2013	National Tour Association	500	Registration Fee for Katrina White for NTA meeting in Kona, Hawaii
8/8/2013	RI Food Dealers Association	550	RI Food Dealers Assoc for RI Business Day Conference in Washington, DC for D. Reynolds
8/8/2013	John Riendeau	524	USDOD Lightweight & Modern Metals Mfg. Conference in Falls Church, VA
8/8/2013	Mark Brodeur	396	Discover NE Board Meeting in Laconia, NH
8/22/2013	APTAC	3,225	Registration Fee for Fall 2013 APTAC Conference in Washington, DC for PTAC Employees
8/22/2013	Mark Brodeur	1,136	US Travel Assoc. ESTO conference in Richmond, VA
8/29/2013	Katrina White	1,116	National Tour Association meeting in Kona, Hawaii
9/20/2013	Christine Smith	978	SSTI Conference in Portland, OR
9/27/2013	RLF Management Services	720	Registration Fee for Richard Ferro for the APTAC Fall Conference in Washington, DC
10/10/2013	Alison Walsh	994	SIBB Conference in Washington, DC
10/24/2013	Marcel Valois	990	NEDA Conference in Portland, ME
10/31/2013	Christine Smith	30	NSF EFSCORE Conference in Arlington, VA
11/7/2013	Stuart Freiman	596	NECaPA Conference in Newark, DE
11/7/2013	Stuart Freiman	186	Airfare fee for NTIA Connected Conference in Washington, DC (Conference Cancelled)
11/14/2013	Louis Francis	1,118	APTAC Fall 2013 Conference in Washington, DC
11/14/2013	Stephen Katz	1,053	APTAC Fall 2013 Conference in Washington, DC
11/21/2013	Soraya Sundberg	1,385	APTAC Fall 2013 Conference in Washington, DC
11/21/2013	Victor J. Howard	1,151	APTAC Fall 2013 Conference in Washington, DC
11/27/2013	Mark Brodeur	441	Discover NE Board Meeting in Freeport, ME
11/27/2013	Dorothy Reynolds	1,460	APTAC Fall 2013 Conference in Washington, DC
12/5/2013	Michael Fine, MD	1,278	Airfare fee for Trade Mission to Israel
12/5/2013	Marcel Valois	543	National Governor's Association Conference in Chicago, IL
12/5/2013	Marcel Valois	1,199	SelectUSA Conference in Washington, DC
12/12/2013	Stuart Freiman	172	New England Broadband Meeting in Durham, NH
12/20/2013	RLF Management Services	1,369	New England Broadband Meeting in Durham, NH
1/16/2014	Dorothy Reynolds	752	APTAC Winter Board Meeting in Washington, DC
1/23/2014	Mark Brodeur	1,645	ABA Marketplace in Nashville, TN
1/30/2014	APTAC	645	Registration Fee for Winter 2014 APTAC Conference in San Francisco, CA for Victor Howard
1/30/2014	APTAC	645	Registration Fee for Winter 2014 APTAC Conference in San Francisco, CA for Richard Ferro
1/30/2014	APTAC	645	Registration Fee for Winter 2014 APTAC Conference in San Francisco, CA for Dorothy Reynolds
2/6/2014	RLF Management Services	338	Airfare for Winter 2014 APTAC Conference in San Francisco, CA
2/20/2014	Discover New England	840	Registration Fee for Mark Brodeur for Pow Wow 2014 in Chicago, IL

(continued)

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES (CONTINUED)

YEAR ENDED JUNE 30, 2014

Date	Payee	Amount	Purpose
2/27/2014	Mark Brodeur	\$ 2,618	National Tour Association Travel Exchange in Los Angeles, CA
3/31/2014	Mark Brodeur	570	New York Media Meeting in New York City, NY
4/3/2014	Dorothy Reynolds	1,773	APTAC Spring Conference in San Francisco, CA
4/3/2014	Victor J. Howard	2,170	APTAC Spring Conference in San Francisco, CA
4/3/2014	RLF Management Services	1,574	APTAC Spring Conference in San Francisco, CA
4/17/2014	Mark Brodeur	1,357	POWWOW 2014 Conference in Chicago, IL
5/15/2014	Alisson Walsh	1,865	NTIA/SHLB Conference in Washington, DC
5/15/2014	Stuart Freiman	1,687	NTIA/SHLB Conference in Washington, DC
5/15/2014	Hannah Morini	695	Clean Energy States Alliance Spring Meeting in Sacramento, CA
5/29/2014	Alisson Walsh	1,633	ICA Conference in Seattle, WA
6/13/2014	Mark Brodeur	823	Discover New England Conference in Groton, CT
6/13/2014	Mark Brodeur	351	New York City Media Meeting in New York City, NY
6/26/2014	Christine Smith	1,382	SBR/SITR Conference in Washington, DC
6/30/2014	Marcel Valois	152	International Trade Mission to Italy & Ireland
6/30/2014	William Ash	1,588	SSBCI Conference in Washington, DC
6/30/2014	Alisson Walsh	2,139	ISTE 2014 Conference in Atlanta, GA
	Total	\$ 52,336	

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2014

		September 18, 2014	For Management Discussion Purposes Only Subject to Final Review		
	Rhode Island Commerce Corporation	Renewable Energy Fund	Job Creation Guaranty	ARRA Energy	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 1,198,507				\$ 1,198,507
Accounts receivable	12,951		\$ 15,472		28,423
Interfund receivable	419,926	\$ 126,384	(154,786)		391,524
Due from State of Rhode Island	61,115				61,115
Due from other State component units	6,647				6,647
Deposits and prepaid expenses	69,409				69,409
Restricted:					
Cash and cash equivalents	2,839,832	13,363,081	44,889	\$ 3,650,216	19,898,018
Investments	946,034				946,034
Grants and other receivables	202,500	2,795			205,295
Net investment in direct financing leases	2,188,058				2,188,058
Total current assets	7,944,979	13,492,260	(94,425)	3,650,216	24,993,030
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	4,731,214		1,522,103		6,253,317
Notes receivable	-	1,087,601			1,087,601
Net investments in direct financing leases, less current portion	23,924,836				23,924,836
Due from other State component units	696,557				696,557
Capital assets not being depreciated	128,762				128,762
Capital assets being depreciated, net	47,121	3,192			50,313
Total noncurrent assets	29,528,490	1,090,793	1,522,103	-	32,141,386
Total assets	37,473,469	14,583,053	1,427,678	3,650,216	57,134,416
LIABILITIES:					
Current liabilities:					
Accounts payable	129,644		24,875		154,519
Accrued expenses and other	462,917	38,619	155,135		656,671
Current portion of notes, bonds and leases payable	-				-
Payable from restricted assets	4,215,918				4,215,918
Unearned revenue	685,488			3,650,216	4,335,704
Total current liabilities	5,493,967	38,619	180,010	3,650,216	9,362,812
Noncurrent liabilities:					
Liabilities payable from restricted cash and cash equivalents	3,092,223				3,092,223
Net pension obligation	563,333				563,333
Bonds and leases payable, less current portion	26,509,808				26,509,808
Advance from State for conduit debt obligations	2,500,000				2,500,000
Unearned revenue	-	14,473,356	-		14,473,356
Total noncurrent liabilities	32,665,364	14,473,356	-	-	47,138,720
Total liabilities	38,159,331	14,511,975	180,010	3,650,216	56,501,532
NET POSITION:					
Investment in capital assets	175,883	3,192	-	-	179,075
Restricted (deficit)	-		1,566,992	-	1,566,992
Unrestricted (deficit)	(861,745)	67,886	(319,324)	-	(1,113,183)
Total net (deficit) position	\$ (685,862)	\$ 71,078	\$ 1,247,668	\$ -	\$ 632,884

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2014

	Rhode Island Commerce Corporation	Renewable Energy Fund	September 18, 2014		Total
			Job Creation Guaranty	ARRA Energy	
For Management Discussion Purposes Only Subject to Final Review					
Operating revenues:					
Charges for services:					
Rentals and fees	\$ 47,021				\$ 47,021
Interest on loans	-	\$ 9,651			9,651
Other income	93,444	1,306,260	\$ 763,894	\$ -	2,163,598
Total operating revenues	140,465	1,315,911	763,894	-	2,220,270
Operating expenses:					
Personnel services	2,840,070	127,900	-		2,967,970
Contractual services	1,397,827	154,849	69,680		1,622,356
Grants	-	900,197			900,197
Other expenses	659,624	115,658	200,528	-	975,810
Depreciation and amortization	15,930	6,408			22,338
Total operating expenses	4,913,451	1,305,012	270,208	-	6,488,671
Operating income (loss)	(4,772,986)	10,899	493,686	-	(4,268,401)
Nonoperating revenues (expenses):					
Appropriations from State	15,049,276				15,049,276
Investment and other revenue	2,489,081	1,338			2,490,419
Interest expense	(2,363,960)				(2,363,960)
Grant income	1,379,192				1,379,192
Grant expenses	(1,475,958)				(1,475,958)
Public investment payments and job credits	(6,744,026)				(6,744,026)
Expenses related to conduit debt obligations	(2,500,000)				(2,500,000)
Other	(4,225,042)				(4,225,042)
Total nonoperating revenues, net	1,608,563	1,338	-	-	1,609,901
Income (loss) before transfers	(3,164,423)	12,237	493,686	-	(2,658,500)
Transfer from other State component units	445,492				445,492
Change in net position	(2,718,931)	12,237	493,686	-	(2,213,008)
Total net position, beginning of year	2,033,069	58,841	753,982	-	2,845,892
Total net position, end of year	\$ (685,862)	\$ 71,078	\$ 1,247,668	\$ -	\$ 632,884

September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Board of Directors
Rhode Island Commerce Corporation
Providence, Rhode Island

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Rhode Island Commerce Corporation (the Corporation), a component unit of the State of Rhode Island, which comprise the statement of net position as of June 30, 2014, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A Limited Liability Partnership

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**Independent Auditors' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards (Continued)**

Board of Directors
Rhode Island Commerce Corporation
Providence, Rhode Island

September 18, 2014

For Management Discussion Purposes Only
Subject to Final Review

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Providence, Rhode Island
_____, 2014

EXHIBIT D

GENERAL TERMS OF SLATER ENERGY FUND, L.P.

Goals of Slater ¹	Attract private capital into a traditionally structured venture capital fund, which furthers charitable mission by allowing for more and larger investments.
Fund Size	Slater Energy Fund, L.P. (Fund) is a to-be-formed limited partnership that is structured as a traditional, early stage venture capital fund, with a General Partner (special purpose entity) and Manager (Slater), seeking approximately \$8 million of committed capital from primarily Rhode Island-based investors. Renewable Energy Fund (REF) would invest up to \$3 million, without ever constituting a majority of invested capital.
Documents	Each Limited Partner (LP) will invest (solely) based on the Summary of Fund Terms, Amended & Restated Limited Partnership Agreement and Subscription Agreement
Typical Target	RI based energy technology company in which the Fund takes a preferred stock minority position with board seat or observation rights, and right to reinvest. First such company, Voltserver, is already identified.
Initial Closing	Fund will hold initial closing if/when it obtains \$3 million in commitments.
Term	Fund may hold closings for 18 months after Initial Closing; Fund can make initial investments for 4 years from Initial Closing Date, but Investment Period can be terminated by majority vote of interest of LPs upon certain conditions; follow-on investments up to 50% of capital commitments permitted after Investment Period; term of Fund is 10 years with possible 2 year extension.
Drawdowns	Capital commitment of LP will be called by Manager with 10 days notice.
Excused Partner	Capital call excused if LP is legally restricted from investment in Portfolio Company
Limitations	No investment in public companies, nor more than 10% of entities outside RI, no more than 25% in any single Portfolio Company.
Distributions	From funds available for distribution: 100% to LPs until LP has received capital contributions back, then 80% to LPs, 20% to GP with clawback.
Management Fee	1.5% of Capital Commitments until end of Investment Period then deployed capital.
LP Reports	Audited (regionally recognized accounting firm) consolidated financial reports annually, quarterly financials, portfolio summary.
Tax	Seek status: Tax Incentives for Capital Investment in Small Business (RIGL 44-43-1 et seq.)
Risk Factors	See Subscription Agreement; early stage investing involves high degree of risk
Removal of GP	With cause and without cause with 66.67% interest of LPs

¹ Slater Technology Fund, Inc. (Slater) is a RI non-profit corporation, recognized as a 501(c)(3) entity which has received state and federal funds to further its educational and economic development mission.

EXHIBIT E

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RHODE ISLAND COMMERCE CORPORATION**

September 22, 2014

**(With Respect to an Investment in the Slater Technology Fund
for an Early Stage Renewable Energy Fund)**

WHEREAS, the Board of Directors has received information and a presentation regarding an investment by the Renewable Energy Fund in the Slater Technology Fund, Inc.

NOW, THEREFORE, be it resolved by the Corporation as follows:

Section 1: Any two of the Chairman, Vice Chairman, Managing Director of Financial Services, Executive Director and/or Chief of Staff, acting in concert, shall have the authority to negotiate and execute any and all documents necessary to invest an amount not to exceed \$3,000,000.00 from the Renewable Energy Fund in the Slater Technology Fund, Inc. in connection with the Slater Energy Fund, L.P., a to-be-formed limited partnership.

Section 2: This Resolution shall take effect immediately upon passage by the Corporation's Board of Directors.

EXHIBIT F

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RHODE ISLAND COMMERCE CORPORATION**

September 22, 2014

**(With Respect to a Consultant Agreement for
Project Management Services)**

WHEREAS, the Board of Directors has received information and a presentation regarding the retention of a consultant to provide project management services.

WHEREAS, the Rhode Island Commerce Corporation (the "Corporation") wishes to retain Fourth Economy to provide such project management services.

NOW, THEREFORE, be it resolved by the Corporation as follows:

Section 1: Any two of the Chairman, Vice Chairman, Executive Director, Chief of Staff and/or Director of Business Development, acting in concert, shall have the authority to negotiate and execute any and all documents necessary to retain Fourth Economy to provide the Corporation with project management services, for an amount not to exceed \$225,000.00.

Section 2: This Resolution shall take effect immediately upon passage by the Corporation's Board of Directors.

TAB 2

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

OCTOBER 27, 2014

(With Respect to the Draft RhodeMap Economic Development Plan to the Governor, the Senate and the House of Representatives pursuant to R.I. Gen. Laws § 42-64.17-1)

APPROVED

VOTED: To convey the draft RhodeMap Economic Development Plan to the Governor, the Senate and the House of Representatives pursuant to R.I. Gen. Laws § 42-64.17-1.

Dated: October 27, 2014

TAB 3

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

OCTOBER 27, 2014

(With Respect to a Consultant Agreement for Web Design Services)

APPROVED

VOTED: To approve a consultant agreement for web design services, pursuant to the Resolution attached hereto.

Dated: October 27, 2014

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RHODE ISLAND COMMERCE CORPORATION**

October 27, 2014

(With Respect to a Consultant Agreement for Web Design Services)

WHEREAS, the Board of Directors has received information and a presentation regarding the retention of a consultant to provide web design services.

WHEREAS, the Rhode Island Commerce Corporation (the "Corporation") wishes to retain Figmint to provide such project management services.

NOW, THEREFORE, be it resolved by the Corporation as follows:

Section 1: Any two of the Chairman, Vice Chairman, Executive Director, Chief of Staff and/or Chief Financial Officer, acting in concert, shall have the authority to negotiate and execute any and all documents necessary to retain Figmint to provide the Corporation with project management services, for an amount not to exceed \$75,000.00.

Section 2: This Resolution shall take effect immediately upon passage by the Corporation's Board of Directors.

TAB 4

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

OCTOBER 27, 2014

(With Respect to the Continued Engagement of a Consultant
for Tourism Consulting Services)

APPROVED

VOTED: To approve the continued engagement of Anne Moan Martini for tourism consulting services, pursuant to the terms of her existing contract.

Dated: October 27, 2014

The Commerce RI / Tourism Division searched for a cost efficient solution that fulfills the Tourism need for content development and media assistance services.

We have compared the \$35.00 per hour cost proposed by Anne Martini with the State of RI Division of Purchasing Master Price Agreements for Communications and Marketing Services under MPA #479. RDW offers similar services at \$140.00 per hour. However, RDW staff does not offer the same intermit knowledge base that is essential for the required scope of work. In addition, the expense would be prohibitive.

A third vendor (RFP # 7461231) was awarded to Basics Group. Basics Group does offer similar services at \$90.00 per hour. This group does not offer a dedicated writer with an adequate knowledge base and price is prohibitive.

State purchasing policy will allow us to use a service provider when the vendor rate does not exceed MPA pricing for similar services and the vendor offers specific one-of-a kind service.

Since January, 2014, Commerce RI/Tourism Division has generated more than five million dollars in editorial equivalency with the assistance of Ann Martini. Anne, a Rhode Island independent PR consultant, is a former editor for Rhode Island Monthly Magazine who is an excellent communicator and offers extensive knowledge about Rhode Island's many tourism assets and has worked directly with industry partners for more than two decades.

I seek your approval to continue the Month-to-Month Agreement for Services with Anne Martini until the end of FYE 2015. The budget for said agreement will not exceed \$35,000.

We have included documentation that clearly demonstrates cost savings and Anne's specific knowledge is not available through state selected vendors.

TAB 5

**VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION**

OCTOBER 27, 2014

**(With Respect to an Extension of the Funding Period on the Existing Bond related to the
Greater Providence YMCA)**

APPROVED

VOTED: To approve an extension of the funding period on the existing bond related to the Greater Providence YMCA, pursuant to the First Amendment to Loan and Security Agreement attached hereto.

Dated: October 27, 2014

FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT

WHEREAS, the Greater Providence Young Men's Christian Association (the "Borrower"), the Rhode Island Commerce Corporation (formerly, the Rhode Island Economic Development Corporation (the "Corporation") and Citizens Bank, National Association formerly, RBS Citizens, National Association (the "Bond Purchaser") entered into a Loan and Security Agreement dated as of October 4, 2012 (the "Agreement") with respect to the issuance of the Corporation's \$8,000,000 Economic Development Bonds and loan of the proceeds thereof to Borrower for various capital projects (the "Project"); and

WHEREAS, portions of the Bonds were allocated to various portions of the Projects. Series A was allocated to the Bayside project in Barrington. Series B was allocated to miscellaneous capital projects at Borrower's other sites; and

WHEREAS, "Construction Period" is defined in the Agreement as 24 months from the date of the Agreement or, October 4, 2014, for the projects financed by the Series B Bonds; and

WHEREAS, \$669,762.10 of the Series B Bond proceeds have not and will not be drawn down or spent by the end of the Construction Period; and

WHEREAS, the Borrower and Bond Purchaser wish to preserve the ability to use such funds until October 4, 2015,

NOW THEREFORE, the Corporation, the Bond Purchaser and the Borrower wish to amend the Agreement as follows:

Section 1. Section 102(u)(ii) is hereby amended by deleting "twenty-four (24) months" and replacing the deleted words with "thirty-six (36) months".

Section 2. This Amendment shall be deemed effective as of the date of approval by the Corporation.

Executed this ____ day of October, 2014.

Rhode Island Commerce Corporation

By: _____
Marcel Valois
Executive Director

Rhode Island Commerce Corporation

By: _____
John R. Pagliarini
Chief of Staff

Greater Providence Young Men's Christian
Association

By: _____
James Berson
Executive Director

Citizens Bank, National Association

By: _____
Keith E. Kelly
Senior Vice President



FOR YOUTH DEVELOPMENT®
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

TO: Bill Ash, Commerce RI
FROM: James D. Berson, CEO
CC: Keith Kelly, Citizens Bank
DATE: October 20, 2014
RE: Status of \$3M Bond

The YMCA of Greater Providence initially received \$3M in bond funding in October 2012, for assorted capital projects for our Rhode Island facilities. Due to the challenge of managing a major renovation to our Bayside facility during this same time period, some of our intended projects were delayed. A status of all bond projects -- completed, in process, and pending -- follows below:

Completed Projects

Energy Efficiency Improvement Projects at four YMCAs -- -\$1,219,946
South County YMCA Pool Filtration System Replacement and Upgrade -- \$223,580
Cranston YMCA Gym Renovations -- \$560,000
Kent County Paving / Side Walk -- \$90K
Miscellaneous Safety Repairs -- \$41,776
Architectural Fees for Planned Improvements at Kent YMCA - \$29,853
Cranston YMCA Repairs -- \$64,000
Additional Project Oversight --\$39,000

Projects In Progress

South County YMCA Locker Room Renovations (40% complete; substantial completion date of 2/28/15) -- \$30K spent/\$181,519 to be spent

Pending Projects

Kent County Renovations to Champlin Lodge -- \$191K
Camp Fuller Boathouse Renovations -- \$155,615
Exterior Signage -- \$100K
Project Contingency -- \$41,628

The projects listed as pending or in progress are slated to be completed by June 2015. It should be additionally noted that the pending and in-progress projects have leveraged a total of nearly \$1.6M in outside commitments and has a pending \$275K commitment. The pending and in progress projects have also been re-focused to maximize community benefit and meet community needs.

YMCA of Greater Providence • Association Office • 371 Pine Street • Providence, RI 02903
401-521-9622 • fax: 401-421-6431
www.ymcagreaterprovidence.org

TAB 6

**VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION**

OCTOBER 27, 2014

**(With Respect to a Match of Renewable Energy Fund Monies in connection with an
Economic Development Administration Cluster Funding Grant)**

APPROVED

VOTED: To approve a match of Renewable Energy Fund monies, in the amount of \$250,000.00, in connection with an Economic Development Administration cluster funding grant

Dated: October 27, 2014

TAB 7

**VOTE OF THE BOARD OF DIRECTORS OF THE
RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

OCTOBER 27, 2014

(With Respect to the Renewable Energy Fund Matters)

APPROVED

VOTED: To approve the Renewable Energy Fund matters presented to the Board, pursuant to the Resolution attached hereto.

Dated: October 27, 2014

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RHODE ISLAND COMMERCE CORPORATION**

October 28, 2014

(With Respect to Renewable Energy Fund Matters)

WHEREAS, the Board of Directors has received information and a presentation regarding the following Renewable Energy Fund Commercial Scale Funding Program Applications at its meeting held on October 28, 2014.

The request of 825 West Main, LLC d/b/a West Main Self Storage, for a grant from the Renewable Energy Fund in the amount of \$92,382.00 in connection with a 77.165 kW Solar Photovoltaic Project;

The request of Vedanta Society, for a grant from the Renewable Energy Fund in the amount of \$23,719.00 in connection with a 18.975 kW Solar Photovoltaic Project;

The request of International Sourcing & Marketing, for a grant from the Renewable Energy Fund in the amount of \$31,500.00 in connection with a 25.20 kW Solar Photovoltaic Project;

The request of Lepore Farm, for a grant from the Renewable Energy Fund in the amount of \$30,250.00 in connection with a 24.20 kW Solar Photovoltaic Project;

The request of RJB Properties, for a grant from the Renewable Energy Fund in the amount of \$60,937.50 in connection with a 48.75 kW Solar Photovoltaic Project;

The request of Hillandale Farm, for a grant from the Renewable Energy Fund in the amount of \$18,900.00 in connection with a 15.12 kW Solar Photovoltaic Project; and

The request of Arpin International Group, for a grant from the Renewable Energy Fund in the amount of \$121,304.00 in connection with a 104.005 kW Solar Photovoltaic Project.

NOW, THEREFORE, be it resolved by the Corporation as follows:

Section 1: The Corporation approves a Renewable Energy Fund grant award to 825 West Main, LLC d/b/a West Main Self Storage in the amount of \$92,382.00.

Section 2: The Corporation approves a Renewable Energy Fund grant award to Vedanta Society in the amount of \$23,719.00.

Section 3: The Corporation approves a Renewable Energy Fund grant award to International Sourcing & Marketing, in the amount of \$31,500.00.

Section 4: The Corporation approves a Renewable Energy Fund grant award to Lepore Farm, in the amount of \$30,250.00.

Section 5: The Corporation approves a Renewable Energy Fund grant award to RJB Properties, in the amount of \$60,937.50.

Section 6: The Corporation approves a Renewable Energy Fund grant award to Hillandale Farm, in the amount of \$18,900.00.

Section 7: The Corporation approves a Renewable Energy Fund grant award to Arpin International Group, in the amount of \$121,304.00.

Section 8: Any two of the Chairman, Vice Chairman, Executive Director and/or Chief of Staff, acting in concert, shall have the authority to execute any and all documents in connection with the transactions authorized herein.

Section 9: This Resolution shall take effect immediately upon passage by the Corporation's Board of Directors.



**RI Renewable Energy Fund
 RI Commerce Corporation
 2014 Commercial Scale Grant Program
 Round 3 – Application Summaries**

Applicant 7-126: 825 West Main LLC
 d/b/a West Main Self Storage
 825 West Main Rd.
 Middletown, RI 02842
 (401) 626-6378
 Alves.kenny@gmail.com

Contact: Kenneth J. Alves

Developer: KJA Commercial Developer

Grant Request: \$92,381

Purpose: To install a 77.165 kW rooftop solar system at West Main Self Storage.

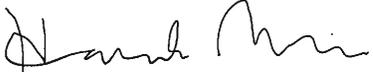
Sources & Uses:

Sources:		
RI Renewable Energy Fund	\$92,381.00	33.5%
Owner Financing	\$183,113.00	66.5%
Total:	\$275,495.00	100%
Uses:		
Installation of a 77.165 kW roof mounted solar photovoltaic system		

Application Summary:

West Main Self Storage is a newly built self-storage facility in Middletown, Rhode Island. At maximum capacity West Main Self Storage will be able to serve the storage needs of over 300 Rhode Islanders. The proposed site in Middletown is an ideal location for a Solar PV system, the flat roof will allow for optimal panel placement and zero shading. The ability to lock in and control their electricity costs will allow West Main Self Storage to achieve a competitive an edge in their industry. All tenants will be aware that West Main Self Storage uses Renewable Energy; this will create great awareness to Rhode Island residents and promote the expansion and development of renewable energy.

Commercial Scale: Direct Project Funding Application Check list	
Applicant:	Kenneth J Alves KJA Commercial Developers
Project Address:	825 West Main Road Middletown, RI 02842
Business Sector:	Self Storage
Project Size:	77.165kW
Requested Grant Amount:	\$ 92,381.00
Eligible Grant amount:	\$ 92,381.00
Total Project Cost:	\$ 275,495.00
General Application Requirements	
Proof of Energy Audit	YES
Signed Turnkey Contract	YES
One or Three Line Electrical Drawing	YES
ROI/Simple Payback	YES
Proof of Funds:	YES
Electric Bill: Complete Copy OR "request for service"	YES
Layout Drawing	YES
Aerial Image	YES
Expected Completion (18 months or less):	YES
Expected remaining Lifespan of Roof:	YES - new
Warranty: 3-year workmanship	YES
Letter from Municipality OK-ing project	YES
Detailed System Output:	YES
W9:	YES
Additional Requirments: Solar Projects	
Shade Analysis demonstrating less than 10%:	YES
Layout drawing shows location of all major equip. and roof obstructions	YES
Panel Specifications	YES
Inverter Specifications	YES
Photo facing north	YES

Additional Requirements: Wind Projects	
Copy of FAA Approval	N/A
Proof project is permissible within jurisdictional authority	N/A
Project location site plan shows location of all major equip., laydown zone, flicker predictions	N/A
Manufacturer's specifications	N/A
Additional Requirements: Hydro Projects	
Layout Drawing of project site showing dam, intake canal, tailrace, powerhouse, sluice gate,	N/A
Manufacturer's specifications	N/A
Meets all requirements and is eligible for funding.	YES
Recommended for approval by REF Staff:	YES
Renewable Energy Program Manager Signature	
	
Date: 10/6/2014	



Applicant 7-127: The Vedanta Society
 227 Angell St.
 Providence, RI 02906
 (401) 421-3960
 Yogatmananda@vedantaprov.org

Installer: BCX Energy

Contact: Swami Yogatmanda

Grant Request: \$23,719

Purpose: To install a 18.975 kW solar photovoltaic system on the roof of the Vedanta Society shrine.

Sources & Uses:

Sources:		
RI Renewable Energy Fund	\$23,718.00	30%
Applicant Financing	\$55,027.00	70%
Total:	\$78,746.00	100%
Uses: Installation of a 18.975 solar PV system.		

Application Summary:

The Vedanta Society of Providence is a branch of the world-wide twin organization Ramakrishna Math and Ramakrishna Mission offering daily prayers and meditation, spiritual retreats, service and classes. The Vedanta Society has been operating in Providence since 1928 with various properties on Angell Street and completed construction of a new shrine in 2012. This shrine was built with energy efficiency technologies and the addition of PV panels on the roof and awning will substantially reduce their operating costs. These panels will help the Vedanta Society in working towards their goal of becoming more sustainable.

The Vedanta Society has contracted with BCX Energy for this installation. BCX Energy is a Rhode Island based renewable energy company, in operation since July 2010. BCX Energy develops, designs, procures and constructs solar energy projects within the commercial and residential markets. BCX has been a past recipient of the Commerce RI's small scale grant program. The Vedanta Society will be their first project in the commercial grant program. This solar project aligns with BCX energy's core competency in the RI renewable energy marketplace as well as the customers goals to reduce their carbon footprint and energy dependence.

Commercial Scale: Direct Project Funding Application Check list	
Applicant:	Vedanta Society of Providence
Project Address:	227 Angell St. Providence, RI, 02906
Business Sector:	Church
Project Size:	18.975
Requested Grant Amount:	\$ 23,718.00
Eligible Grant amount:	\$ 23,718.00
Total Project Cost:	\$ 78,746.00
General Application Requirements	
Proof of Energy Audit	YES
Signed Turnkey Contract	YES
One or Three Line Electrical Drawing	YES
ROI/Simple Payback	YES
Proof of Funds:	YES
Electric Bill: Complete Copy OR "request for service"	YES
Layout Drawing	YES
Aerial Image	YES
Expected Completion (18 months or less):	YES
Expected remaining Lifespan of Roof:	YES- new
Warranty: 3-year workmanship	YES
Zoning & Permitting Approval	YES - Providence OK
Detailed System Output:	YES
W9:	YES
Additional Requirments: Solar Projects	
Shade Analysis demonstrating less than 10%:	YES
Layout drawing shows location of all major equip. and roof obstructions	YES
Panel Specifications	YES
Inverter Specifications	YES
Photo facing north	YES

Additional Requirements: Wind Projects	
Copy of FAA Approval	N/A
Proof project is permissible within jurisdictional authority	N/A
Project location site plan shows location of all major equip., laydown zone, flicker predictions	N/A
Manufacturer's specifications	N/A
Additional Requirements: Hydro Projects	
Layout Drawing of project site showing dam, intake canal, tailrace, powerhouse, sluice gate,	N/A
Manufacturer's specifications	N/A
Meets all requirements and is eligible for funding.	YES
Recommended for approval by REF Staff:	YES
Renewable Energy Program Manager Signature	
	
Date: 10/7/2014	



Applicant 7-128: International Sourcing and Marketing, Ltd
940 Waterman Ave
East Providence, RI, 02914
(401) 435-7900
ssurrell@ismri.com

Contact: Stacey Surrell

Installer: ISM Solar Solutions

Grant Request: \$31,500

Purpose: To install solar photovoltaic system with a capacity of 25.2 kW on the roof of International Sourcing and Marketing.

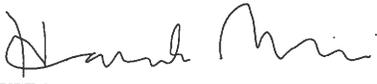
Sources & Uses:

Sources:		
RI Renewable Energy Fund	\$31,500.00	31%
Applicant financing	\$69,300.00	69%
Total:	\$100,800.00	100%
Uses: Installation of a 25.2 kW solar system.		

Application Summary:

International Sourcing and Marketing is investing in Rhode Island and expanding its business opportunities with the installation of this PV array. This array will be installed by ISM solar solutions a new business venture of International Sourcing and Marketing. ISM solar has invested heavily to launch their solar division including salaries, materials and industry association fees. ISM solar and International Sourcing and Marketing will share the same office building and the solar array will be used as a marketing tool for potential customers. For International Sourcing and Marketing and ISM solar this installation will reduce their current electrical costs.

Commercial Scale: Direct Project Funding Application Check list	
Applicant:	International Sourcing & Marketing, Ltd.
Project Address:	940 Waterman Ave, East Providence, RI 02914
Business Sector:	Electronics Manufacturer
Project Size:	25.2
Requested Grant Amount:	\$ 31,500.00
Eligible Grant amount:	\$ 31,500.00
Total Project Cost:	\$ 100,800.00
General Application Requirements	
Proof of Energy Audit	YES
Signed Turnkey Contract	YES
One or Three Line Electrical Drawing	YES
ROI/Simple Payback	YES
Proof of Funds:	YES
Electric Bill: Complete Copy OR "request for service"	YES
Layout Drawing	YES
Aerial Image	YES
Expected Completion (18 months or less):	YES
Expected remaining Lifespan of Roof:	YES
Warranty: 3-year workmanship	YES
Zoning & Permitting Approval	YES - East Providence
Detailed System Output:	YES
W9:	YES
Additional Requirments: Solar Projects	
Shade Analysis demonstrating less than 10%:	YES
Layout drawing shows location of all major equip. and roof obstructions	YES
Panel Specifications	YES
Inverter Specifications	YES
Photo facing north	YES

Additional Requirements: Wind Projects	
Copy of FAA Approval	N/A
Proof project is permissible within jurisdictional authority	N/A
Project location site plan shows location of all major equip., laydown zone, flicker predictions	N/A
Manufacturer's specifications	N/A
Additional Requirements: Hydro Projects	
Layout Drawing of project site showing dam, intake canal, tailrace, powerhouse, sluice gate,	N/A
Manufacturer's specifications	N/A
Meets all requirements and is eligible for funding.	YES
Recommended for approval by REF Staff:	YES
Renewable Energy Program Manager Signature	
	
10/9/2014	



Applicant 7-129: Lepore Farm
545 Angell Rd. Apt N.
Lincoln, RI 02865
(401) 203-1232
Leporefarm@live.com

Contact: Norman T. Lepore

Installer: RGS Energy

Grant Request: \$27,500

Purpose: To install a 22 kW solar photovoltaic system on the roof of the Lepore Family Farm Barn.

Sources & Uses:

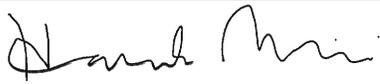
Sources:		
RI Renewable Energy Fund	\$ 27,500.00	35%
Applicant	\$ 50,671.00	65%
Total:	\$ 78,171.00	100%
Uses: Installation of a 22 kW solar PV system.		

Application Summary:

Lepore Farm has been in operation for over 50 years and has four full-time employees. Lepore Farm specializes in producing high quality hay and shavings along with selling equine and pet supplies. The proposed 22kW solar project will provide nearly all of the onsite electrical needs for the farm allowing Lepore Farm to control their energy costs in the future.

Lepore Farm has chosen RGS Energy as their renewable energy installer. RGS Energy has been located and operating in Rhode Island for many years, formerly as Alteris Renewables and as SolarWrights and Solar Works prior to those mergers. RGS Energy has an excellent track record for solar installations in Rhode Island, and they are currently the selected installer for the first round of Solarize RI.

Commercial Scale: Direct Project Funding Application Check list	
Applicant:	Norman T. Lepore
Project Address:	545 Angell Road, Apt N.
Business Sector:	Farm
Project Size:	22
Requested Grant Amount:	\$ 27,500.00
Eligible Grant amount:	\$ 27,500.00
Total Project Cost:	\$ 78,171.00
General Application Requirements	
Proof of Energy Audit	YES
Signed Turnkey Contract	YES
One or Three Line Electrical Drawing	YES
ROI/Simple Payback	YES
Proof of Funds:	YES
Electric Bill: Complete Copy OR "request for service"	YES
Layout Drawing	YES
Aerial Image	YES
Expected Completion (18 months or less):	YES
Expected remaining Lifespan of Roof:	YES - new roof
Warranty: 3-year workmanship	YES
Zoning & Permitting Approval	Yes - Lincoln
Detailed System Output:	YES
W9:	YES
Additional Requirments: Solar Projects	
Shade Analysis demonstrating less than 10%:	YES
Layout drawing shows location of all major equip. and roof obstructions	YES
Panel Specifications	YES
Inverter Specifications	YES
Photo facing north	YES

Additional Requirements: Wind Projects	
Copy of FAA Approval	N/A
Proof project is permissible within jurisdictional authority	N/A
Project location site plan shows location of all major equip., laydown zone, flicker predictions	N/A
Manufacturer's specifications	N/A
Additional Requirements: Hydro Projects	
Layout Drawing of project site showing dam, intake canal, tailrace, powerhouse, sluice gate,	N/A
Manufacturer's specifications	N/A
Meets all requirements and is eligible for funding.	YES
Recommended for approval by REF Staff:	YES
Renewable Energy Program Manager Signature	
	
Date: October 20, 2014	



Applicant 7-130: RJB Properties, LLC
640 George Washington Hwy
Lincoln, RI 02865
(401) 333-3233
rbranca@rjbproperties.com

Contact: Ralph Branca

Developer: RJB Properties, LLC

Grant Request: \$60,937.00

Purpose: To install 48.75 kW solar PV system on the roof of a new multi-use office building.

Sources & Uses:

Sources:		
RI Renewable Energy Fund	\$60,937.00	43%
Owner	\$80,312.00	57%
Total:	\$141,250.00	100%
Uses: Installation of a 48.75 kW solar PV system.		

Application Summary:

RJB Properties is proposing to install a 48.75 kW solar photovoltaic system on the roof a new commercial office building currently under construction in Lincoln. RJB Properties has been business in Rhode Island for 19 years as a developer, construction company and property management. The system will be designed and installed under the supervision of Ralph Branca, PE who has designed and installed four systems over the past eight years totaling over 50Kw in capacity. Mr. Branca is also a principal in the entity which owns the office building. Mr. Branca will hire Francis Berthelette of Theber General Contracting for the installation process.

The office building at 640 George Washington Highway will be able to reduce its projected electric load significantly with this photovoltaic system. The solar array has an added benefits for the tenants who of the office building who can market their sustainable location.

Commercial Scale: Direct Project Funding Application Check list	
Applicant:	RJB Properties, LLC
Project Address:	640 George Washington Hwy, Lincoln, RI 02865
Business Sector:	Commercial Real Estate
Project Size:	48.75
Requested Grant Amount:	\$ 60,937.00
Eligible Grant amount:	\$ 60,937.00
Total Project Cost:	\$ 141,250.00
General Application Requirements	
Proof of Energy Audit	New Construction - load provided
Signed Turnkey Contract	YES
One or Three Line Electrical Drawing	YES
ROI/Simple Payback	YES
Proof of Funds	YES
Electric Bill: Complete Copy OR "request for service"	YES
Layout Drawing	YES
Aerial Image	YES
Expected Completion (18 months or less):	YES
Expected remaining Lifespan of Roof:	YES
Warranty: 3-year workmanship	YES
Zoning & Permitting Approval	Yes - Lincoln
Detailed System Output:	YES
W9:	YES
Additional Requirements: Solar Projects	
Shade Analysis demonstrating less than 10%:	YES
Layout drawing shows location of all major equip. and roof obstructions	YES
Panel Specifications	YES
Inverter Specifications	YES
Photo facing north	YES

Additional Requirements: Wind Projects	
Copy of FAA Approval	N/A
Proof project is permissible within jurisdictional authority	N/A
Project location site plan shows location of all major equip., laydown zone, flicker predictions	N/A
Manufacturer's specifications	N/A
Additional Requirements: Hydro Projects	
Layout Drawing of project site showing dam, intake canal, tailrace, powerhouse, sluice gate,	N/A
Manufacturer's specifications	N/A
Meets all requirements and is eligible for funding.	YES
Recommended for approval by REF Staff:	YES
Renewable Energy Program Manager Signature	
	
Date: October 20, 2014	



Applicant 7-131: Hillandale Farm
6 Haversham Rd
Westerly, RI 02891
(401) 322-1055
maxhence@aol.com

Contact: Max B. Hence

Installer: G.S Roy Electrical Service

Grant Request: \$18,900.00

Purpose: To install a 15.12 kW ground mounted solar photovoltaic system at the Hillandale Farm.

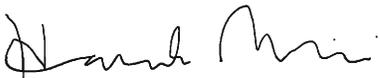
Sources & Uses:

Sources:		
RI Renewable Energy Fund	\$ 18,900.00	28%
USDA REAP	\$ 17,010.00	25%
Green Sky Loans/Applicant	\$ 32,130.00	47%
Total:	\$ 68,040.00	100%
Uses: Installation of a 15.12 kW solar system.		

Application Summary:

Hillandale Farm is an organic farm in Westerly selling gourmet tomatoes, field greens, select herbs and other seasonal produce directly to high-end restaurants and specialty markets. The leader of Hillandale Farm, Max B. Hence, formed the nonprofit AYERS foundation to promote, practice and teach agriculture, holistic nutrition, and healthy living as well as to increase the environmental literacy of our youth. AYERS foundation partners with local schools offering the students the ability to have hands on experience in local food production. The installation of solar panels will give students an opportunity to learn about the importance of renewables from a young age. The PV panels will also allow Hillandale farm to remain competitive by having controlled energy costs.

Commercial Scale: Direct Project Funding Application Check list	
Applicant:	Hillandale Farm
Project Address:	6 Haversham Rd, Westerly
Business Sector:	Farm
Project Size:	15.12
Requested Grant Amount:	\$ 18,900.00
Eligible Grant amount:	\$ 18,900.00
Total Project Cost:	\$ 68,040.00
General Application Requirements	
Proof of Energy Audit	Not Available to Customer - will supply before grant payment
Signed Turnkey Contract	YES
One or Three Line Electrical Drawing	YES
ROI/Simple Payback	YES
Proof of Funds	YES
Electric Bill: Complete Copy OR "request for service"	YES
Layout Drawing	YES
Aerial Image	YES
Expected Completion (18 months or less):	YES
Expected remaining Lifespan of Roof:	N/A groundmount
Warranty: 3-year workmanship	YES
Detailed System Output:	YES
Zoning & Permitting Approval	YES
W9:	YES
Additional Requirments: Solar Projects	
Shade Analysis demonstrating less than 10%:	YES
Layout drawing shows location of all major equip. and roof obstructions	YES
Panel Specifications	YES
Inverter Specifications	YES
Photo facing north	YES

Additional Requirements: Wind Projects	
Copy of FAA Approval	N/A
Proof project is permissible within jurisdictional authority	N/A
Project location site plan shows location of all major equip., laydown zone, flicker predictions	N/A
Manufacturer's specifications	N/A
Additional Requirements: Hydro Projects	
Layout Drawing of project site showing dam, intake canal, tailrace, powerhouse, sluice gate,	N/A
Manufacturer's specifications	N/A
Meets all requirements and is eligible for funding.	YES
Recommended for approval by REF Staff:	YES
Renewable Energy Program Manager Signature	
	
Date: October 21, 2014	



Applicant 7-132: Arpin Van Lines Inc.
2 Sydlo Drive
West Warwick, RI 02893
(401) 203-1160
peterarpin@msn.com

Contact: Peter Arpin

Developer: Clean Economy Development

Grant Request: \$121,304

Purpose: To install a 104 kW solar photovoltaic system on the roof of AIG's Facility in West Warwick.

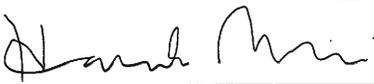
Sources & Uses:

Sources:		
RI Renewable Energy Fund	\$121,304	44%
Applicant	\$154,193	56%
Total:	\$275,497	100%
Uses: Installation of a 104 kW solar system.		

Application Summary:

Arpin International Group (AIG) is a \$250 million firm that is one of the largest moving, storage and logistical companies in the world. AIG has been in business in Rhode Island for over 100 years with over 500 employees. AIG recently invested in Rhode Island by constructing a new corporate headquarters in West Warwick. This new facility was built with energy efficiency and sustainability in mind. AIG carries this ethos of sustainability to all of their business practices, and are considered one of the "greenest" companies in the industry. AIG has funded all of their green initiatives with the energy savings realized. This grant will allow AIG to continue to lead the industry in controlling costs through energy efficiency and renewable energy.

Commercial Scale: Direct Project Funding Application Check list	
Applicant:	Arpin International Group
Project Address:	2 Szydlo Drive
Business Sector:	Moving & Logistics
Project Size:	104
Requested Grant Amount:	\$ 121,304.00
Eligible Grant amount:	\$ 121,304.00
Total Project Cost:	\$ 275,497.00
General Application Requirements	
Proof of Energy Audit	YES
Signed Turnkey Contract	YES
One or Three Line Electrical Drawing	YES
ROI/Simple Payback	YES
Proof of Funds	YES
Electric Bill: Complete Copy OR "request for service"	YES
Layout Drawing	YES
Aerial Image	YES
Expected Completion (18 months or less):	YES
Expected remaining Lifespan of Roof:	YES
Warranty: 3-year workmanship	YES
Detailed System Output:	YES
Zoning & Permitting Approval	YES
W9:	YES
Additional Requirments: Solar Projects	
Shade Analysis demonstrating less than 10%:	YES
Layout drawing shows location of all major equip. and roof obstructions	YES
Panel Specifications	YES
Inverter Specifications	YES
Photo facing north	YES

Additional Requirements: Wind Projects	
Copy of FAA Approval	N/A
Proof project is permissible within jurisdictional authority	N/A
Project location site plan shows location of all major equip., laydown zone, flicker predictions	N/A
Manufacturer's specifications	N/A
Additional Requirements: Hydro Projects	
Layout Drawing of project site showing dam, intake canal, tailrace, powerhouse, sluice gate,	N/A
Manufacturer's specifications	N/A
Meets all requirements and is eligible for funding.	YES
Recommended for approval by REF Staff:	YES
Renewable Energy Program Manager Signature	
	
Date: October 20, 2014	

TAB 8

**VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION**

OCTOBER 27, 2014

**(With Respect to a License Agreement with the Rhode Island Department of
Environmental Management regarding the Volvo Ocean Race)**

APPROVED

VOTED: To approve the license agreement with the Rhode Island Department of Environmental Management regarding the Volvo Ocean Race, pursuant to the Resolution attached hereto.

Dated: October 27, 2014

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RHODE ISLAND COMMERCE CORPORATION**

October 27, 2014

**(With Respect to a License Agreement with the Rhode Island Department of
Environmental Management regarding the Volvo Ocean Race)**

WHEREAS, the Board of Directors has received information and a presentation regarding a license agreement with the Rhode Island Department of Environmental Management regarding the Volvo Ocean Race.

WHEREAS, the Rhode Island Commerce Corporation (the "Corporation") wishes to enter into a license agreement with the Rhode Island Department of Environmental Management regarding the Volvo Ocean Race.

NOW, THEREFORE, be it resolved by the Corporation as follows:

Section 1 Any two of the Chairman, Vice Chairman, Executive Director, Chief of Staff and/or Chief Financial Officer, acting in concert, shall have the authority to negotiate and execute any and all documents necessary to enter into a license agreement with the Rhode Island Department of Environmental Management regarding the Volvo Ocean Race

Section 2: This Resolution shall take effect immediately upon passage by the Corporation's Board of Directors.

TAB 9

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

EXECUTIVE SESSION MINUTES
OF THE MEETINGS HELD ON
SEPTEMBER 22, 2014

APPROVED

VOTED: To approve the Executive Session Minutes for the meeting held on September 22, 2014, as submitted to the Board of Directors; and

VOTED: That the minutes of the September 22, 2014 Executive Sessions, pursuant to R.I. Gen. Laws §§ 42-46-4, 5, and 7, shall not be made available to the public except as to the portions of such minutes as the Board of Directors ratifies and reports in the Public Session of the September 22, 2014 meeting.

Dated: October 27, 2014

RHODE ISLAND COMMERCE CORPORATION
PUBLIC NOTICE OF MEETING

A meeting of the Rhode Island Commerce Corporation Board of Directors will be held at the offices of the **Rhode Island Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island**, on **Monday, October 27, 2014**, beginning at **5:00 p.m.** for the following purposes:

PUBLIC SESSION

1. To consider for approval the Public Session Minutes for the meeting held on September 22, 2014.
 2. To consider, as may be appropriate, matters covered in the Executive Director's Report.
 3. To receive a status update regarding the Quonset Development Corporation.
 4. To convey the draft RhodeMap Economic Development Plan to the Governor, the Senate and the House of Representatives pursuant to R.I. Gen. Laws § 42-64.17-1.
 5. To consider for approval a consultant agreement for web design services.
 6. To consider for approval the continued engagement of a consultant for tourism consulting services.
 7. To consider for approval an extension of the funding period on the existing bond related to the Greater Providence YMCA.
 8. To consider for approval a match of Renewable Energy Fund monies in connection with an Economic Development Administration cluster funding grant.
 9. To consider for approval the following Renewable Energy Fund matters:
 - a. A grant to 825 West Main, LLC d/b/a West Main Self Storage in the amount of \$92,382.00;
 - b. A grant to Vedanta Society in the amount of \$23,719.00;
 - c. A grant to International Sourcing & Marketing in the amount of \$31,500.00;
 - d. A grant to Lepore Farm in the amount of \$30,250.00;
 - e. A grant to RJB Properties in the amount of \$60,937.50;
 - f. A grant to Hillandale Farm in the amount of \$18,900.00; and
 - g. A grant to Arpin International Group in the amount of \$121,304.00.
 10. To consider for approval a license agreement with the Rhode Island Department of Environmental Management regarding the Volvo Ocean Race.
 11. To consider for approval the Executive Session Minutes for the meeting held on September 22, 2014.*
- * Board members may seek to convene in Executive Session to approve minutes previously sealed.

This notice shall be posted no later than 5:00 p.m. on Thursday October 23, 2014, at the Office of the Rhode Island Commerce Corporation, at the State House, and by electronic filing with the Secretary of State's Office.

Shechtman Halperin Savage, LLP, Counsel to the Corporation

The location is accessible to the handicapped. Those requiring interpreter services for the hearing impaired must notify the Rhode Island Commerce Corporation at 278-9100 forty-eight (48) hours in advance of the meeting. Also for the hearing impaired, assisted listening devices are available onsite, without notice, at this location.

Dated: October 23, 2014