

**MEETING OF THE
RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

AGENDA

THURSDAY, NOVEMBER 21, 2013

PUBLIC SESSION

Call to Order: The Chairman Lincoln D. Chafee

1. Welcome by Chairman Lincoln D. Chafee.
2. To consider for approval the Public and Executive (Confidential) Session Minutes for the meeting held on October 28, 2013 (See **Tab 1**).*
3. To consider, as may be appropriate, matters covered in the Executive Director's Report: Marcel Valois.
4. To receive and discuss a status update with respect to the I-195 Commission: Jan Brodie.
5. To consider for approval the annual audit of the Rhode Island Economic Development Corporation completed by Lefkowitz, Garfinkel, Champi & DeRienzo (See **Tab 2**): Adam Quinlan.
6. Signing of an Executive Order for the Rhode Island State Sailing Commission: Paul Harden.
7. To receive a presentation regarding the proposed rules changes for the Renewable Energy Fund: Hannah Morini.
8. To authorize the engagement of a consultant for services related to the U.S. Department of Commerce EDA Planning Grant for a Manufacturing and Design Center, in an amount not to exceed \$150,000 (See **Tab 3**): John Riendeau.
9. 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 ECONOMIC DEVELOPMENT CORPORATION**

**PUBLIC SESSION MINUTES
OF THE MEETING HELD ON
OCTOBER 28, 2013**

APPROVED

VOTED: To approve the Public Session Minutes of the meeting of October 28, 2013, as submitted to the Board of Directors.

Dated: November 21, 2013

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

OCTOBER 28, 2013

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, October 28, 2013, in Public Session, beginning at 5:00 p.m. at the offices of the Rhode Island Economic Development Corporation, located at 315 Iron Horse Way, Suite 101, Providence, RI 02908, pursuant to the notice of the meeting to all Directors, and public notice of the 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. Roland Fiore, Ms. Shannon Brawley, Mr. Tim Hebert, Ms. Elizabeth Francis, Ms. Judith Diaz, Dr. Nancy Carriuolo, and Mr. George Nee.

Directors absent were: Mr. Karl Wadensten, Mr. Stanley Weiss, Ms. Maeve Donohue, and Mr. Jason Kelly.

Also present were: Marcel Valois and Thomas Carlotto.

1. CALL TO ORDER AND OPENING REMARKS

Governor Chafee called the meeting to order at 5:02 p.m. indicating that a quorum was present.

2. EXECUTIVE DIRECTOR'S REPORT

Governor Chafee introduced Executive Director Marcel Valois to discuss the Executive Director's Report. See **Exhibit B**. Mr. Valois started his presentation by congratulating Mr. Nee on his reelection to the Board and Mr. Fiore on his recent induction into the Bishop Hendricken High School Hall of Fame. Mr. Valois began his report to the Board by announcing that the Corporation had recently been awarded a grant from the United States Department of Commerce, Economic Development Administration to build a business plan around the Center for Design and Manufacturing concept. Mr. Valois stated that they are putting together a 12 member team made up of individuals from the Rhode Island Manufacturing Association, local colleges and universities and any interested manufacturing partners. The team expects to have the program study completed within 6 to 8 months. Mr. Valois advised that he would provide a further update to the Board at next month's meeting.

Mr. Valois next reported on the status of the Road Map Focus Groups, stating that there had been tremendous attendance at the first round of workshops. Over 172 people took part in 8 different sector focus groups, resulting in significant discussions

and insight. Mr. Valois noted that many members of the Board attended the focus groups and called on them to provide their impressions. Ms. Francis then addressed the Board stating that she had attended the meeting of the Arts and Culture sector and that the group was very passionate and positively engaged, and as such, they will be working to advance a common agenda between the non-profit and for-profit communities. Ms. Brawley next addressed the Board advising that she had attended the Agriculture and Aquaculture sector group. Ms. Brawley commented that she felt very positive about the feedback from the workshop and thanked Mr. Valois, his staff and the Rhode Island Foundation for putting the workshops together. She added that the participants agreed to change the sector designation to the "Natural Resource" economic sector, because it was a better representation of the group.

Dr. Carriuolo then addressed the Board to report on her participation in the Finance, Insurance, Real Estate sector workshop, stating that she too felt very positive about the outcome of the workshop, the questions raised and comments presented by the participants. Dr. Carriuolo specifically noted the common themes discussed by the participants: (1) support for Rhode Island's existing workforce and related workforce training and education issues; (2) taxes, regulations and related issues; (3) access to capital; and (4) support for Rhode Island entrepreneurs. Mr. Hebert next reported on his participation in the Technology sector workshop. Mr. Hebert made particular note of the fact that the discussions were very positive in this focus group and that the participants came together in a very collaborative manner. He continued by stating that they focused on two main areas needed to grow the technology sector in Rhode Island. The first being, talent, particularly in the technology sector, and the other being the availability of capital for start-up technology companies in the State.

Mr. Valois then asked if there were any questions from the Board. Mr. Adams asked how many different focus groups there are. Mr. Valois responded that there were 8 different sectors and that this was the first of three planned workshops. The next round would take place in a few weeks time, with the last round scheduled for the beginning of December. Mr. Valois added that the ideas and feedback derived from the workshops will be compiled into a report to be shared among the sectors and to assist in the Road Map process.

Mr. Valois then introduced Mr. Adams to provide a report on the Access to Capital Sub-Committee. Mr. Adams reported that they had recently met with a New England based business lending company interested in partnering with the Corporation. Mr. Adams added that this company had been in business for over 30 years and concentrates in funding for New England based business. Mr. Adams continued that the company would serve in partnership with the Corporation to provide assistance through the existing capital programs. He stated that they would be discussing the details over the next few months.

3. APPROVAL OF THE PUBLIC SESSION MINUTES OF THE MEETING HELD ON SEPTEMBER 23, 2013

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

VOTED: To approve the Public and Executive Session Minutes of the meeting of September 23, 2013, as submitted to the Board of Directors.

Voting in favor of the foregoing were Mr. Jerauld Adams, Mr. Roland Fiore, Ms. Shannon Brawley, Mr. Tim Hebert, Ms. Elizabeth Francis, Ms. Judith Diaz, Dr. Nancy Carriuolo, and Mr. George Nee.

Voting against the foregoing were: None.

4. TO INTRODUCE THE ANNUAL AUDIT OF THE RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION COMPLETED BY LEFKOWITZ, GARFINKEL, CHAMPI & DERIENZO, FOR REVIEW AND APPROVAL AT THE NOVEMBER MEETING

Governor Chafee introduced Mr. Adam Quinlan to discuss the audit as completed by Lefkowitz, Garfinkel, Champi and Derienzo ("LGCD"). See **Exhibit C**. Mr. Quinlan thanked the Governor and the Board. Mr. Quinlan went on to describe the process for reviewing the annual audit, noting that each Board Member has been provided with a copy of the draft audit prepared by LGCD for his or her review. He explained that the draft audit might change to some degree as it is being reviewed contemporaneously by the Auditor General of the State and his staff. Mr. Quinlan then introduced Mr. Steve Geremia of LGCD for further discussion of the audit. Mr. Geremia introduced himself to the board, along with Mike Crawley, Senior Audit Manager of LGCD to discuss audit standards and processes, the responsibilities of the Corporation and LGCD in conducting the audit, and the financial statements contained therein. Mr. Geremia stated that the draft financial statements covered the period from June 2012 through June 2013 and consists of the financial accounts and transactions of the Corporation and the Small Business Loan Fund, a subsidiary of the Corporation, for which the Corporation is financial responsible. Mr. Geremia then discussed the structure and contents of the financial statements, adding that the audit report is primarily broken into three main sections: (1) Management's Discussion and Analysis; (2) Primary Financial Statements; and (3) Additional Information to Supplement the Financial Statements. Mr. Geremia then summarized the information and standards and responsibilities under each section.

Mr. Adams asked Mr. Geremia if LGCD conducted the past audits of the Corporation. Mr. Geremia responded that this is the first year LGCD has prepared the annual audit of the Corporation.

Mr. Valois then stated that a separate work session meeting will be held prior to the next scheduled Board Meeting, its sole purpose being for the Board Members to review and discuss the draft audit report in detail.

5. **TO CONSIDER FOR APPROVAL AUTHORIZATION TO EXECUTE A CONTRACT FOR CLIENT RELATIONSHIP MANAGEMENT (CRM) SERVICES WITH SALESFORCE.COM AND BUAN CONSULTING FOR AN AMOUNT NOT TO EXCEED \$85,000.00**

Governor Chafee introduced Mr. Tim Hebert for a presentation with respect to approval to execute contracts for CRM services with Salesforce.com and Buan Consulting. See **Exhibit D**. Mr. Hebert began his presentation by outlining the methodologies used to evaluate the RFP received and the components that make up a CRM. He continued that after evaluating each RFP, they determined that the Salesforce.com CRM system offered the greatest functionality, reliability, ease of use, system support, and value. Mr. Hebert continued that in addition to evaluating each CRM services provider, they had researched companies to assist in the data migration and implementation of the CRM and have chosen Buan Consulting Services to assist the Corporation in the project. Mr. Hebert stated that the initial start-up costs for the CRM total \$85,000.00. He explained that EDC expects to have the CRM system integrated and initial end-user training completed by January 2014. Mr. Valois indicated that the amount for the project is part of the budget. Ms. Diaz who asked who will be responsible for overseeing the project. Mr. Hebert responded that Chris Cannata will serve as Project Manager in the near term and Mr. Valois will act as the executive sponsor to ensure that the project is implemented timely and appropriately. He went on to detail how the system will be implemented over time with the help of the consulting group and different groups will utilize and manage the system. Mr. Adams asked whether other Rhode Island municipalities would be able to access or use the system. Mr. Hebert responded that the CRM can be used across government departments to add and share data, with the ability to secure access to system sections and information.

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

VOTED: To authorize any two of the Chairman, Vice Chairman, Executive Director and/or Chief of Staff, acting in concert, to execute any and all documents in connection with the contract for Client Relationship Management (CRM) services with Salesforce.com and Buan Consulting for an amount not to exceed \$85,000.00.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Roland Fiore, Ms. Shannon Brawley, Mr. Tim Hebert, Ms. Elizabeth Francis, Ms. Judith Diaz, Dr. Nancy Carriuolo, and Mr. George Nee.

Voting against the foregoing were: None.

6. **TO CONSIDER FOR APPROVAL THE FOLLOWING RENEWABLE ENERGY FUND MATTERS**

- a. A grant to Belcourt of Newport in the amount of \$18,504.79;
- b. A grant to Pawtucket Financial Corporation in the amount of \$22,500.00; and
- c. A grant to Apex Warwick in the amount of \$22,500.00.

Governor Chafee introduced Hannah Morini for a presentation on the Renewable Energy Fund. See **Exhibit E**. Mr. Valois advised the Board Members that Ms. Brawley and Dr. Carriuolo had recused themselves from voting with respect to the grant request to Belcourt of Newport. Ms. Morini then began her presentation by stating that there were three projects before the Board for approval. Ms. Morini continued that the three grant requests were for solar projects under the Commercial Development Program for a total of 77 kW, with grant requests totaling about \$63,000.00. The first project is Belcourt of Newport. The company submitted 1 project for a total of 18 kW and requested a grant amount of \$18,504.79. The total contract price is \$92,523.97. The second application is from Pawtucket Financial Corporation. The parent company is Teknor Apex who submitted 2 projects. Pawtucket Financial Corporation's project is 29.757 kW and requested a grant amount of \$22,500.00. The total project cost is \$112,500.00. The third application is from Apex Warwick, also a subsidiary of Teknor Apex. The company submitted 1 project for a total of 29.757 kW and requested a grant amount of \$22,500.00. The total project cost is \$112,000.00.

Ms. Morini then summarized 2013 Commercial Development Direct Funding Program stating that the program had awarded grants for 6 Solar Photovoltaic projects, for 185 kW and awards totaling \$172,315.19. Mr. Adams asked what the cap was for individual awards. Ms. Morini responded the awards were capped at \$75,000.00.

The consideration of the Belcourt of Newport grant award was held until the next Board Meeting.

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

VOTED: To approve the Renewable Energy Fund matters, pursuant to the Resolution submitted to the Board of Directors, exempting 6(a) Belcourt of Newport.

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Roland Fiore, Ms. Shannon Brawley, Mr. Tim Hebert, Ms. Elizabeth Francis, Ms. Judith Diaz, Dr. Nancy Carriuolo, and Mr. George Nee.

Voting against the foregoing were: None.

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

7. **TO CONSIDER MATTERS IN RELATION TO THE LITIGATION PENDING BEFORE THE PROVIDENCE SUPERIOR COURT KNOWN AS RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION V. WELLS FARGO SECURITIES, LLC, ET AL**

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

VOTED: That, pursuant to Rhode Island General Law Section 42-46-5(a)(2) or (4) to enter into executive session to consider matters in relation to the litigation pending before the providence superior court known as *Rhode Island Economic Development Corporation v. Wells Fargo Securities, LLC, et al.*

Voting in favor of the foregoing were: Mr. Jerauld Adams, Mr. Roland Fiore, Ms. Shannon Brawley, Mr. Tim Hebert, Ms. Elizabeth Francis, Ms. Judith Diaz, Dr. Nancy Carriuolo, and Mr. George Nee.

Voting against the foregoing were: None.

Members of the board, counsel and staff entered into closed session at 5:59 p.m.

The public session reconvened at 6:51 p.m.

Upon motion duly made by Mr. Adams and seconded by Mr. Nee, 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. Roland Fiore, Ms. Shannon Brawley, Mr. Tim Hebert, Ms. Elizabeth Francis, Ms. Judith Diaz, Dr. Nancy Carriuolo, and Mr. George Nee.

Voting against the foregoing were: None.

Mr. Carlotto stated that during the Executive Session a unanimous vote of the Board was taken in accordance with R.I.G.L. 42-46-4(b)(2) to keep all votes taken in the Executive session confidential so as not to jeopardize any strategy, negotiation, or investigation undertaken with respect to the litigation.

Vote to Adjourn.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 6:52 p.m., upon motion made by Mr. Nee and seconded by Mr. Diaz.

Thomas Carlotto, Secretary

EXHIBIT A

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
PUBLIC NOTICE OF MEETING

A meeting of the Rhode Island Economic Development Corporation Board of Directors will be held at the offices of the **Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island**, on **Monday, October 28, 2013**, beginning at **5:00 p.m.** for the following purposes:

PUBLIC SESSION

1. To consider for approval the Public and Executive (Confidential) Session Minutes for the meeting held on September 23, 2013.
 2. To consider, as may be appropriate, matters covered in the Executive Director's Report.
 3. To introduce the annual audit of the Rhode Island Economic Development Corporation completed by Lefkowitz, Garfinkel, Champi & DeRienzo, for review and approval at the November meeting.
 4. To consider for approval authorization to execute a contract for Client Relationship Management (CRM) services with Salesforce.com and Buan Consulting for an amount not to exceed \$85,000.00.
 5. To consider for approval the following Renewable Energy Fund matters:
 - a. A grant to Belcourt of Newport in the amount of \$18,504.79;
 - b. A grant to Pawtucket Financial Corporation in the amount of \$22,500.00; and
 - c. A grant to Apex Warwick in the amount of \$22,500.00.
 6. To consider matters in relation to the litigation pending before the Providence Superior Court known as Rhode Island Economic Development Corporation v. Wells Fargo Securities, LLC, *et al.**
- * Board members may seek to convene in Executive Session pursuant to R.I. Gen. Laws § 42-46-5(a)(2) to discuss this Agenda item.

This notice shall be posted no later than 5:00 p.m. on Thursday October 24, 2013, at the Office of the Rhode Island Economic Development 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 Economic Development 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 24, 2013

EXHIBIT B

EXECUTIVE DIRECTOR'S REPORT

R.I. ECONOMIC DEVELOPMENT CORPORATION BOARD MEETING

October 28, 2013

The following report highlights RIEDC activities since the last board meeting on September 23, 2013.

Hot Topics:

- *Rhode Island Foundation, RIEDC Begin Series of Industry Sector Workshops*
- *RIEDC Wins \$100,000 Federal Grant for Manufacturing Investments*
- *Over 100 Attend Training and Networking for Small Businesses at RIEDC*
- *RIEDC Announces Results of Recent Trade Missions*
- *RIEDC 2014 Board of Directors Meeting Calendar Released*
- *RIEDC's Science and Technology Advisory Council Finalizes Innovate RI Small Business Program*

Rhode Island Foundation, RIEDC Begin Series of Industry Sector Workshops

The Rhode Island Foundation and the RIEDC conducted the first round of workshops on October 21 and 22 with leaders from eight industry sectors. The workshops are part of a partnership announced last month by the Foundation and RIEDC to seek input from business leaders to build an action-oriented blueprint for improving the state's economy. These discussions will serve to inform and contribute to the Division of Planning's RhodeMap RI process and to build on and advance the Foundation's Make It Happen RI initiative. Two additional rounds of workshops are planned for November and December.

RIEDC Wins \$100,000 Federal Grant for Manufacturing Investments

Rhode Island has won a first round "Investing in Manufacturing Community Partnership" (IMCP) grant of \$100,000. Designed to accelerate the resurgence of manufacturing and create jobs in cities across the country, the U.S. Department of Commerce awarded 26 federal IMCP strategy grants to communities around the country. This federal funding will help the RIEDC and its collaborative partners enact long-term economic development strategies intended to create a business environment that leads to well-paying, sustainable manufacturing jobs.

RIEDC is collaborating with manufacturers, universities and local partners on a proposal to create a design and manufacturing center in Rhode Island. The center would provide critical support services, such as workforce training, assistance with research and development, and product development to local manufacturers. In addition to this new federal funding, the RIEDC will contribute \$25,000 and \$50,000 in in-kind services, with the Rhode Island Foundation contributing \$25,000 towards the project.

Over 100 Attend Training and Networking for Small Businesses at RIEDC

Over 100 small business attendees participated in a training and networking event held by RIEDC's Procurement Technical Assistance Center (PTAC) staff on October 10. Partnering with the Rhode Island Division of Purchases, the training helped small businesses learn about bidding on projects with the State of Rhode Island, covering topics such as vender registration and payment, master price agreements, public copy and works, and Minority Business Enterprise certification and participation.

RIEDC Announces Results of Recent Trade Missions

RIEDC announced the positive results from a survey of Rhode Island companies that participated in recent trade delegations to China and Canada. As a result of their participation in the trade missions, the combined six companies are projecting \$2.7 million in potential sales within the next 12 months and have generated 51 serious business leads, according to surveys conducted by RIEDC and the John H. Chafee Center for International Business at Bryant University.

RIEDC's next trade mission will be to Israel. RIEDC is joining with the Rhode Island Department of Health, the Chafee Center at Bryant University, Nevel International LLC and the Israeli government to coordinate a Rhode Island Healthcare and Life Science Trade Mission to Israel on November 8-16, 2013.

RIEDC 2014 Board of Directors Meeting Calendar Released

The 2014 RIEDC Board of Directors meeting calendar has been released and will be published on the RIEDC website. The meeting dates are as follows: Monday, January 27; Monday, February 24; Monday, March 24; Monday, April 28; Monday, May 19; Monday, June 23; Monday, July 28; Monday, August 25; Monday, September 22; Monday, October 27; Monday, November 17; and Monday, December 15.

RIEDC's Science and Technology Advisory Council Finalizes Innovate RI Small Business Program

RIEDC's STAC has finalized guidelines for recently passed legislation creating a \$500,000 Innovate RI Small Business Program. The program includes matching grants for recipients of federal phase I Small Business Innovation Research (SBIR) grants, grants of up to \$3,000 to reimburse bioscience and engineering companies for internship stipends, and grants of up to \$3,000 to encourage companies to apply for SBIR grants and phase II loans.

Additional Economic Development Updates

Business Development

- City Centre Warwick: The working group has been working to finish a new website, with a planned release in the coming weeks.
- Manufacturing 2500 Project: In partnership with RIMA, Bryant University and RIMES, several Additive (3D printing) Manufacturing conferences are planned for November 2013 and January 2014 due to the overwhelming response to this new technology.

Urban Development

Urban Community Meeting

The most recent Urban Community Meeting (regular monthly meetings with representatives of the five core urban communities of Providence, Pawtucket, Woonsocket, West Warwick and Central Falls) was held on October 23.

The meeting consisted of two parts. The first part of the meeting was dedicated to a discussion with consultants working on RhodeMap RI and their interest in posing several questions to the urban group for their thinking, ideas and suggestions. A follow-up survey will be sent to the group in about a week that will include questions not addressed at the meeting and one or two more that the consultants would like to add.

The second half of the meeting consisted of a presentation by John Flaherty of Grow Smart RI to review various ideas and suggestions that Grow Smart is considering putting into its legislative package for the upcoming General Assembly season.

Roger Williams University (RWU) Partnership

As part of RIEDC's ongoing partnership, RWU is exploring whether they could take on the Coats & Clark mill site in Pawtucket/Central Falls as a new project for this year. The Coats & Clark site is a mostly abandoned former mill site that has about one million square feet of empty space. RWU and RIEDC met recently with economic development staff in Pawtucket and Central Falls to understand what they hoped for regarding rebuilding and/or reusing the site and what kind of work, initiatives and/or other planning might RWU help put together. RWU is working on a proposal to share back with RIEDC and Central Falls and Pawtucket by end of October.

Client Services

- Outreach to Rhode Island businesses continues with an emphasis on the manufacturing sector.
- Chafee Center Manufacturing Initiative: The client services team continues to assist the Chafee Center as they embark on phase II of the manufacturing initiative. This phase includes outreach to approximately 2,500 businesses that employ between five and 19 people. Partners with Bryant University's John H. Chafee Center for International Business include the RIEDC, RIMES and the RI Manufacturers Association (RIMA).
- CRM software project: Progress continues as we evaluate and demo the Salesforce.com solution. The Making It Easier to Do Business/Customer Focus Subcommittee met on Monday, October 21, to discuss the project and evaluate next steps.
- Staff attended/participated in the following events:
 - The October 17 rebranding event for Santander Bank. Headquartered in Spain, Banco Santander purchased nearly 20 percent of Sovereign Bank in June 2006 for \$2.4 billion. In October 2008, Santander agreed to purchase Sovereign outright for \$1.9 billion. The bank rolled out the name Thursday, October 17, at branch locations in Wyomissing, where the bank was based nationally before moving to Boston in 2011, as well as in Philadelphia, Boston, New York City and Providence.
 - Intersection focus groups: Staff attended the workshops at RIEDC and the RI Foundation which began on Monday, October 21.
 - Social Enterprise Greenhouse Incubator enrollment session: Staff presented on behalf of RIEDC to 10 business owners/startup clients looking to enroll in the SEG Incubator program.
 - The October 4 Manufactures Day at CCRI, including a tour of their Integrated Manufacturing Center.
 - The October 16 Rhode Map RI event in Central Falls: Staff helped to recruit business owners from Central Falls and Pawtucket and facilitate a roundtable discussion for a group of Spanish business owners. Sandra Cano, business & community development officer at Navigant Credit Union, acknowledged our contribution in the success of this event, among over 45 business owners and Statewide Planning staff and consultants participated.
 - The September 24 Bioscience Expo at Rhode Island College

- Staff continues to assist in the RIGIS Enterprise Zone mapping project with Statewide Planning. The Rhode Island Geographic Information System (RIGIS) is a consortium of government and private organizations employing computer and communications technology to manage and use a collective data base of comprehensive geographically related information. The mission of RIGIS is to monitor, coordinate, and provide leadership for activities related to the use of geographic information system technology in Rhode Island, and to support initiatives to implement or use this technology.
- 2015 Volvo Ocean Race: Staff continues to participate in planning meetings for the event.

Marine Trades

- Participated in a panel discussing the boatbuilding industry for Rhode Island Public Radio.
- Met with SailNewport and DEM to discuss 2015 Volvo Ocean Race stopover.

Workforce Development

- Participated in Strategic Planning Session for Workforce Partnership of Greater RI.
- Met with DLT and local workforce boards to discuss how to implement customized training programs for employers using WIA funds.

Communications

The Communications Department continues media and publicity outreach on behalf of multiple RIEDC departments and initiatives and received print and broadcast coverage in daily, statewide and national media outlets. From September 23, 2013, through October 24, 2013, RIEDC and related programs and initiatives received coverage in 79 print, broadcast and online media reports.

For the past two months, the RIEDC has been sending out two bi-weekly email newsletters to an audience of almost 10,000. The first is the *Moving Rhode Island Forward* e-newsletter, which highlights the latest RIEDC news; the second is *Marcel's Memo*, an e-memo from the executive director personally. These two publications have had an average open rate of 15 percent and a click rate of seven percent, both of which are well above the marketing industry average.

Tourism

Group Tour Alliance – The Tourism Division has created a new alliance of group marketing professionals representing private, non-profit, and regional marketing organization that will concentrate on the group tour market. The Division is currently conducting a market overview study with Johnson and Wales interns that evaluates market penetration and identifies opportunity.

Governors Luncheon – The Division coordinated a monthly meeting with the Governor, RIEDC management, regional tourism officials and Peter Marino and Kelly Mahoney to discuss budget and potential funding sources for statewide tourism.

Tourism Impact Study RFP – The Division and financial partners are close to a decision on a selection of a vendor for the statewide tourism impact study. The final study should be complete by mid-December.

Rhode Island official Travel Guide – The Division is redesigning the State’s Official Travel Guide to respond to consumer input. The new guide will have a new distribution channel throughout Rhode Island and southern New England as part of the new contract with RIMC.

Brand USA official international publication -

The Division is partnering with the state’s regional tourism organizations in a cooperative marketing effort that will buy a page of advertising in Brand USA’s official marketing guide. Rhode Island will be a part of the New England section in the Worldwide Inspiration Guide. Brand USA is America’s official national and international marketing organization. Brand USA will develop the art using the Beautiful Rhode Island logo, some copy points, a photo or two and the state’s official URL. They will create and produce a full-page for our approval. Brand USA will then translate it into nine languages and place prominently into all 550,000 printed editions and all 30,000,000 digital guides.

Media Interviews – As part of an ongoing effort to promote Rhode Island in the nearby drive market, Mark Brodeur conducted a series of interviews with editors of publications in Western Massachusetts and CT including, the Daily Hampshire Gazette, Travel with Stephanie Abrams – Business Talk Radio, New Haven Register, and Travel with Kal – WMRD AM Radio.

International Trade

- Six companies have been recruited for Israel life science trip: Biomedical Structures, URI Department of Pharmacology, Lifespan, Care New England, BioTree and Poly Works. Dr. Fine and Richard Licht to participate. Several group meetings around the healthcare industry have been scheduled.
- Seminars:
 - Israel Life Science Market Seminar held on October 22
 - Food Export: Why and How to Export on December 4
- In partnership with the Chafee Center at Bryant University, we are doing a 3D manufacturing conference on December 5 (flyer to be released soon).

Science and Technology Advisory Council (STAC)

Internal Activities

- Finalized guidelines for recently passed legislation creating a \$500,000 special account within STAC for the Innovate RI Small Business Program. Programs include matching grants for phase I SBIR recipients, grants of up to \$3,000 to reimburse bioscience and engineering companies for internship stipends, and phase 0 grants of up to \$3,000 to encourage companies to apply for SBIR grants and phase II loans.
- Began accepting and processing SBIR/STTR phase I matching grant applications.
- Participated in Renewable Energy Fund steering committee meeting.
- Developed agenda for rescheduled November 7 STAC meeting.
- Held October 17 welcome reception for STAC incoming co-chairs.
- Developed news items and longer stories for STAC website and tweets for STAC Twitter.
- Participated in intersections meetings to collect preliminary data for the 2014 Rhode Island Science and Technology plan update.

External Activities

- Attended 2013 Brown Healthcare Showcase.
- Attended September Innovation Providence meeting hosted by GPCC.

Procurement Technical Assistance Center (PTAC)

- 125 counseling sessions matching criteria (67 distinct clients)
- Total client hours: 179.8
- 32 new clients
- Six Congressional referrals/requests
- Two outreach events: WADK radio live interview with Newport Chamber and Business After Hours presentation at Westerly/ Pawcatuck Chamber of Commerce
- Two training events: Bidding on Projects with the State of Rhode Island (92 registrants, 10 DOA personnel) and three-hour workshop – Responding to a Request for Proposal.
- Client Surveys go out this week to report client prime and subcontract federal, state and local government awards. DLA 1806 report with findings due in 90 days.

Concerns:

- Total program year outlays to date are \$357,357.64, of which DLA has reimbursed \$68,683.94. Due to change in assignment of new AGO at Defense Contract Management Agency has delayed reimbursement requests. Current accounts receivable for months of July, August and September equal \$109,994.88.
- Total net cash expense for RIPTAC program, May 1 – September 30, 2013 = \$5,462.45.
- New application for option year to begin on May 1, 2014, is due on December 15, for which we need the updated RIEDC indirect cost rate calculated on FY2013 OMB A-133 Single Audit.
- November event is 7th Annual Service Disabled and Veteran Owned Small Business Training and Matchmaking Event at Naval Undersea Warfare Center at the Officers Club, Naval Station Newport on November 20. Keynote speaker is Thomas J. Leney, executive director for small and veteran business programs, U.S. Department of Veterans Affairs.
- PTAC staff will be attending four days of training in Washington D.C., November 9-13.

Broadband Rhode Island (BBRI)

- Completed transition of Broadband RI project to Office of Digital Excellence. Project personnel now reside in the state Department of Administration (1 Capitol Hill, Providence) and report to Chief Digital Officer Thom Guertin.
- Working closely with various constituents in the City of Newport and on Aquidneck Island to help them move forward their plans to improve their broadband infrastructure across the island. We have several points of contact with them including participating on their IT working group, planning an early 2014 conference, and documenting their efforts through our broadband in economic development project.
- As a parallel effort, the town of New Shoreham (Block Island) has reached out to BBRI to assist them in their efforts to upgrade their broadband infrastructure. We hosted a meeting in Providence this week that was attended by their Town Manager Nancy Dodge and several key personnel in the state.
- The Rhode Island Department of Education just adopted the BBRI Digital Literacy curriculum as a standard to train all adult educators in the state on how to teach digital literacy. To that end, they kicked off the Rhode Island Adult Education Technology Initiative this week to formulate a plan and objectives for the initiative. Our consultant, Don Gregory, is a member of the advisory board.

- The BBRI team has been working closely with the new Internet-based Healthsource RI (HSRI) health exchange. Specifically, we are working with them to understand how to leverage our digital literacy program and experience to aid them in their efforts to assist those citizens who don't know how to use the Internet to become digitally literate and better able to use the services of the new exchange.
- We are also working closely with the Rhode Island Emergency Management Agency to help develop a process and plan to leverage our data collection and broadband mapping capacity and assets to begin planning and data collection for FirstNet – a new federally funded project to create a nationwide wireless broadband network for the public safety community.
- Through our project with ProvPlan, broadband services data is now available on their Rhode Island Community Profiles Database <http://profiles.provplan.org>.

###

EXHIBIT C

October 29, 2013

For Management Discussion Purposes Only
Subject to Final Review

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

YEAR ENDED JUNE 30, 2013

Draft



RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

YEAR ENDED JUNE 30, 2013

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Independent Auditors' Report

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

Board of Directors
Rhode Island Economic Development Corporation
Providence, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the Rhode Island Economic Development Corporation (the Corporation), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2013, 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.

Independent Auditors' Report (Continued)

Board of Directors
Rhode Island Economic Development Corporation

October 28, 2013

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 Economic Development Corporation, a component unit of the State of Rhode Island, as of June 30, 2013, 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 Matters

As discussed in Note 7 to the financial statements, the Corporation is dependent upon annual appropriations by the General Assembly of the State of Rhode Island to fund its operating expenses.

As discussed in Note 1 to the financial statements, prior to the year ended June 30, 2013, the Corporation's financial statements included certain entities determined to be component units of the Corporation. Based on the application of amended accounting guidance, those entities are no longer considered to be component units and are not included in the accompanying financial statements.

Our opinion is not modified with respect to these matters.

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 38 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 Economic Development Corporation

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated _____, 2013 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 the 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
_____, 2013

Draft

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Rhode Island Economic Development Corporation (RIEDC), a component unit of the State of Rhode Island (the State), we offer readers of RIEDC's financial statements this narrative overview and analysis of the financial activities of RIEDC for the year ended June 30, 2013. RIEDC's financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Introduction

RIEDC 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. RIEDC, 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 RIEDC's financial statements.

As of and for the year ended June 30, 2012, the Quonset Development Corporation (QDC), the Rhode Island Airport Corporation (RIAC), and the I-195 Redevelopment District Commission (the Commission) were reported as component units of RIEDC. Based on the application of amended guidance issued by the Governmental Accounting Standards Board, the QDC, RIAC, and the Commission are reported as component units of the State as of and for the year ended June 30, 2013, and are not included in the Corporation's financial statements.

RIEDC 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, RIEDC'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 RIEDC's finances, in a manner similar to a private-sector business.

The statement of net position presents detail on RIEDC'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 RIEDC's net position serve as a useful indicator of whether RIEDC's net position is improving or deteriorating. Readers should also consider other non-financial factors when evaluating RIEDC's net position. The statement of revenues, expenses, and changes in net position presents information on how RIEDC'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)

2013 Financial Highlights

October 28, 2013
For Management Discussion Purposes Only

Total assets exceeded total liabilities by \$2,845,892 (net position) at June 30, 2013. Net deficit position totaling \$(11,572,561) is unrestricted and may be used to meet RIEDC's operating requirements. Net position totaling \$14,236,388 is restricted to be used principally to fulfill grant requirements and for repayment of obligations under direct financing leases. RIEDC's net position invested in capital assets totaling \$182,065, is attributable to the acquisition and associated depreciation of RIEDC's capital assets.

Operating loss for 2013 was \$4,980,664, an increase of \$481,900 when compared to 2012.

Nonoperating revenues net of nonoperating expenses totaled \$4,949,063 in 2013 as compared to \$4,185,554 in 2012.

Transfers from other State component units totaled \$234,531 as compared to \$632,156 in 2012.

Net position increased by \$202,930 in 2013.

Draft

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Condensed Comparative Information

October 28, 2013

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, as required by GASB No. 34 (in thousands):

Statements of Net Position

	June 30,		Increase (decrease)
	2013	2012	2013 v 2012
Net position:			
Current assets	\$ 20,827	\$ 18,263	\$ 2,564
Noncurrent assets	34,528	36,902	(2,374)
Total assets	55,355	55,165	190
Current liabilities	7,996	17,038	(9,042)
Noncurrent liabilities	44,513	35,484	9,029
Total liabilities	52,509	52,522	(13)
Net position	\$ 2,846	\$ 2,643	\$ 203

Statements of Revenues, Expenses, and Changes in Net Position

	Year ended June 30,		Increase (decrease)
	2013	2012	2013 v 2012
Changes in net position:			
Operating revenues	\$ 2,530	\$ 3,275	\$ (745)
Operating expenses	7,511	7,773	(262)
Operating loss	(4,981)	(4,498)	(483)
Nonoperating revenues, net	4,949	4,186	763
Transfers	235	632	(397)
Change in net position	\$ 203	\$ 320	\$ (117)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

2013 Financial Analysis

Total assets of RIEDC increased approximately \$190,000 during 2013, due principally to increases in grants and other receivables, offset by decreases in amounts due from the State and net investment in direct financing leases.

Total liabilities decreased approximately \$13,000 due principally to decreases in bonds and leases payable, unearned revenue, and other payables and accrued expenses, offset by an increase in amounts payable from restricted assets.

2013 Operating Activity

Total operating revenues decreased approximately \$745,000 during 2013, due principally to a decline in revenues derived from the renewable energy program.

Total operating expenses decreased approximately \$262,000 during 2013, due principally to a decline in expenses incurred pertaining to the renewable energy program, offset by increases in legal and consulting fees and other grant-related expenses.

As a result of the above, the operating loss to RIEDC was approximately \$4,981,000 in 2013 compared to \$4,498,000 in 2012.

Requests for Information

This financial report is designed as a general overview of RIEDC'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 Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908.

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

STATEMENT OF NET POSITION – JUNE 30, 2013

October 28, 2013
For Management Discussion Purposes Only
Subject to Final Review

	<u>Primary reporting entity</u>	<u>Component unit</u>
	Rhode Island Economic Development Corporation	Small Business Loan Fund Corporation
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 838,657	\$ 4,730,076
Accounts receivable	1,019,542	
Notes and loans receivable, less allowance for loan losses		1,700,001
Interest receivable		28,113
Interfund receivable	361,798	
Due from State of Rhode Island	108,139	
Due from other State component units	95,362	
Deposits and prepaid expenses	74,201	3,117
Restricted:		
Cash and cash equivalents	12,893,936	
Grants and other receivables	2,468,627	
Investments	947,164	
Net investment in direct financing leases	2,019,566	
Total current assets	20,826,992	6,461,307
Noncurrent assets:		
Restricted:		
Cash and cash equivalents	6,401,078	
Notes receivable	1,135,417	
Net investment in direct financing leases, less current portion	26,112,895	
Investment in joint venture		1,877,576
Due from other State component units	696,557	
Notes and loans receivable, less allowance for loan losses		4,551,482
Capital assets not being depreciated	128,762	
Capital assets being depreciated, net	53,303	
Total noncurrent assets	34,528,012	6,429,058
Total assets	55,355,004	12,890,365

(continued)

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

STATEMENT OF NET POSITION – JUNE 30, 2013 (CONTINUED)

October 23, 2013

For Management Discussion Purposes Only
Subject to Final Review

	<u>Primary reporting entity</u>	<u>Component unit</u>
	Rhode Island Economic Development Corporation	Small Business Loan Fund Corporation
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 573,592	\$ 15,424
Accrued expenses and other	799,498	7,110
Interfund payable	265,021	96,776
Payable from restricted assets	5,951,551	
Unearned revenue	406,759	40,047
Total current liabilities	7,996,421	159,357
Noncurrent liabilities:		
Liabilities payable from restricted cash and cash equivalents	3,092,877	
Net pension obligation	624,277	
Bonds and leases payable, less current portion	28,697,867	
Unearned revenue	12,097,670	
Total noncurrent liabilities	44,512,691	-
Total liabilities	52,509,112	159,357
Commitments and contingencies (Note 10)		
NET POSITION:		
Investment in capital assets	182,065	
Restricted for grants and other programs	14,236,388	
Unrestricted (deficit)	(11,572,561)	12,731,008
Total net position	\$ 2,845,892	\$ 12,731,008

See notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2013

October 28, 2013
For Management Discussion Purposes Only
Subject to Final Review

	<u>Primary reporting entity</u>	<u>Component unit</u>
	<u>Rhode Island Economic Development Corporation</u>	<u>Small Business Loan Fund Corporation</u>
Operating revenues:		
Charges for services:		
Rental fees	\$ 17,500	
Interest on loans	11,526	\$ 579,961
Other income, principally renewable energy fund	2,500,811	
Total operating revenues	<u>2,529,837</u>	<u>579,961</u>
Operating expenses:		
Personnel services	3,067,805	108,203
Contractual services	1,801,581	41,868
Grants	1,454,816	
Other expenses	1,166,406	52,043
Provision for loan losses and uncollectibles, net of recoveries		612,885
Depreciation and amortization	19,893	
Total operating expenses	<u>7,510,501</u>	<u>814,999</u>
Operating loss	<u>(4,980,664)</u>	<u>(235,038)</u>

(continued)

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

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

YEAR ENDED JUNE 30, 2013

October 28, 2013
For Management Discussion Purposes Only
Subject to Final Review

	Primary reporting entity	Component unit
	Rhode Island Economic Development Corporation	Small Business Loan Fund Corporation
Nonoperating revenues (expenses):		
Appropriations from State	\$ 15,389,096	
Investment and other revenue	3,538,898	
Interest expense	(2,516,259)	
Grant income	12,099,972	\$ 984,252
Grant expenses	(12,138,717)	(397,789)
Public investment payments and job credits	(6,640,526)	
Other	(4,783,401)	(122,424)
Total nonoperating revenues, net	4,949,063	464,039
Income (loss) before transfer	(31,601)	229,001
Transfer from other State component units	234,531	-
Change in net position	202,930	229,001
Total net position, beginning of year	2,642,962	12,502,007
Total net position, end of year	\$ 2,845,892	\$ 12,731,008

See notes to financial statements.

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2013

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

	Primary reporting entity	Component unit
	Rhode Island Economic Development Corporation	Small Business Loan Fund Corporation
Cash flows from operating activities:		
Receipts from customers/borrowers	\$ 688,655	\$ 2,084,299
Payments to suppliers	(4,820,275)	(1,077,078)
Payments to employees	(2,795,875)	(227,569)
Net cash provided by (used in) operating activities	(6,927,495)	779,652
Cash flows from noncapital financing activities:		
State of Rhode Island appropriations received	16,165,957	
Grants received	9,869,441	984,252
Grant expenditures	(12,990,133)	(397,789)
Public investment payments and job credits	(6,640,526)	
Transfers	234,531	
Net cash provided by noncapital financing activities	6,639,270	586,463
Cash flows from capital and related financing activities:		
Interest paid, long-term obligations	(2,516,259)	
Acquisition of capital assets	(18,391)	
Receipts under direct financing leases	1,871,621	
Payments under direct financing leases	(1,871,621)	
Liabilities payable from restricted assets	(44,337)	
Net cash used in capital and related financing activities	(2,578,987)	
Cash flows from investing activities:		
Purchase of investments		(600,000)
Interest income	2,668,170	
Net cash provided by (used in) investing activities	2,668,170	(600,000)

(continued)

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

STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED JUNE 30, 2013

October 28, 2013
For Management Discussion Purposes Only
Subject to Final Review

	<u>Primary reporting entity</u>	<u>Component unit</u>
	Rhode Island Economic Development Corporation	Small Business Loan Fund Corporation
Net increase (decrease) in cash and cash equivalents	\$ (199,042)	\$ 766,115
Cash and cash equivalents, beginning of year	20,332,713	3,963,961
Cash and cash equivalents, end of year	<u>\$ 20,133,671</u>	<u>\$ 4,730,076</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (4,980,664)	\$ (235,038)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	19,893	
Provision for loan losses, net		612,885
Changes in:		
Notes and accounts receivable	18,693	1,504,338
Deposits and prepaid expenses	7,341	(3,117)
Due to/from other State component units	36,017	(119,366)
Accounts payable, accrued expenses, and unearned revenue	(1,964,622)	(980,050)
Net pension obligation	(64,153)	
Net cash provided by (used in) operating activities	<u>\$ (6,927,495)</u>	<u>\$ 779,652</u>

See notes to financial statements.

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

October 28, 2013

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 Economic Development Corporation (RIEDC) 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. RIEDC, 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 RIEDC and accordingly, are considered conduit debt obligations and are not reported as liabilities in the accompanying financial statements.

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

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

Reporting entity:

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

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

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

Reporting entity (continued):

As of and for the year ended June 30, 2012, the Quonset Development Corporation (QDC), the Rhode Island Airport Corporation (RIAC), and the I-195 Redevelopment District Commission (the Commission) were reported as component units of RIEDC. Based on the application of amended GASB guidance; the QDC, RIAC, and the Commission are reported as component units of the State as of and for the year ended June 30, 2013, and are not included in the Corporation's financial statements.

Blended component unit:

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 RIEDC. While RIEDC is responsible for managing REF, REF does not have separate corporate powers that would distinguish it as being legally separate from RIEDC; therefore, it has been presented as a blended component unit, and its activities have been included in the primary reporting entity.

REF's condensed statement of net position as of June 30, 2013 and its condensed statements of revenues, expenses, and changes in net position, and cash flows for the year then ended are as follows:

Assets:		
Capital assets	\$	9,600
Other assets		<u>11,569,840</u>
		<u>11,579,440</u>
Liabilities:		
Current liabilities		89,492
Noncurrent liabilities		<u>11,431,107</u>
		<u>11,520,599</u>
Net position:		
Investment in capital assets		9,600
Restricted		11,208,042
Unrestricted (deficit)		<u>(11,158,801)</u>
	\$	<u>58,841</u>

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

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

Blended component unit (continued):

Net cash provided by operating activities	\$ 947,163
Net cash provided by noncapital financing activities	45,007
Net cash used in capital and related financing activities	(4,500)
Net cash provided by investing activities	<u>1,137</u>
Net increase in cash and cash equivalents	988,807
Cash and cash equivalents, beginning of year	<u>9,080,809</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,069,616</u></u>

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 RIEDC.

SBLF was created and incorporated on January 21, 1986, under Rhode Island law, as a subsidiary of RIEDC, 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 RIEDC 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.

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

October 28, 2013

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 pronouncements:

Effective for the fiscal year ended June 30, 2013, the Corporation adopted Statement No. 63 of the Governmental Accounting Standards Board, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). Deferred outflows of resources represent the consumption of the Corporation's 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. GASB 63 prescribes the reporting requirements for those two elements and requires that the statement of net assets title be changed to statement of net position. The Corporation had no deferred inflows or outflows of resources at June 30, 2013.

Effective July 1, 2012, the Corporation adopted Statement No. 61 of the GASB, *The Financial Reporting Entity Omnibus*, which modifies certain requirements for inclusion of component units in the financial reporting entity. As a result, and as discussed previously in these financial statements, certain entities previously determined to be component units of RIEDC, with net assets as of June 30, 2012 totaling approximately \$456,954,000, are now reported as component units of the State and are no longer included in the Corporation's financial statements.

Cash and cash equivalents, restricted:

Unexpended grant funds and payments received under direct financing leases are reported as restricted cash and cash equivalents in the accompanying statements 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.

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

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.

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, 2013, \$15,930,020 of the Corporation's deposits, excluding money markets, were required to be collateralized.

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 these 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, 2013.

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.

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

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2. Cash and cash equivalents:

Cash and cash equivalents, including restricted amounts, consist of the following at June 30, 2013:

	RIEDC	SBLF
Deposits held in Bank of America	\$ 11,592,133	\$ 4,730,076
Short-term investments, cash equivalents	8,541,538	
	\$ 20,133,671	\$ 4,730,076

At June 30, 2013, the Corporation had \$23,971,559 (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	\$ 3,810,798
Money market mutual funds, US Bank	4,730,740
	\$ 8,541,538

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

	RIEDC	SBLF
Bank balance	\$ 11,692,625	\$ 4,737,395
Bank balance insured by federal depository insurance	250,000	250,000
Uninsured or uncollateralized	\$ 11,442,625	\$ 4,487,395

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2. Cash and cash equivalents (continued):

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, 2013. The fund is designed to maintain a stable share price of \$1.00 and maintains a dollar weighted average maturity of 58 days as of June 30, 2013. At June 30, 2013, the funds were invested as follows: 55% in a government agency repurchase agreement, 43% in government agency debt, and 2% in United States treasury debt. As of June 30, 2013, the funds were 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 US Bank are invested in Fidelity Institutional Money Market Government Portfolio - Class I (FIGXX) as of June 30, 2013. The fund is designed to maintain a stable share price of \$1.00 and maintains a dollar weighted average maturity of 50 days as of June 30, 2013. At June 30, 2013, 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, 2013, the funds were 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.

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.

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2. Cash and cash equivalents (continued):

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, 2013, the Corporation's investments consist of the following:

	RIEDC	SBLF
United States government obligations	\$ 947,164	
Investment in joint venture		\$ 1,877,576
	\$ 947,164	\$ 1,877,576

As of June 30, 2013, RIEDC funds were invested in United States Government obligations that accrue interest at 1.875% and have a maturity date of April 30, 2014. 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 monitored through SBLF. During fiscal 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.

Also during fiscal 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.

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3. Investments (continued):

SBLF has accounted for its investment in Startup as an investment in a joint venture due to SBLF's ongoing financial interest in BetaSpring. From the date of initial contribution, SBLF's share of net loss generated by the investment in the joint venture was \$122,424. The losses attributable to SBLF's ownership interest in BetaSpring via Startup are classified as other nonoperating expenses on the statement of revenues, expenses, and changes in net position for the year ended June 30, 2013.

4. Loans and notes receivable:

Provision for loan losses:

An analysis of SBLF's allowance for loan losses for the year ended June 30, 2013 is as follows:

Balance, beginning of year	\$ 684,174
Provision for loan losses	624,709
Loans charged off	<u>(663,483)</u>
Balance, end of year	<u>\$ 645,400</u>

Commitments:

SBLF had the following outstanding loan and grant commitments at June 30, 2013:

Commitments to originate loans	\$ 700,000
Undisbursed portions of commercial loans	97,355

REF had outstanding commitments under loans and grants at June 30, 2013 of \$1,707,723.

Notes receivable:

RIEDC issues notes and grants loans to private-sector entities and others located in Rhode Island. The ability of RIEDC'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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3. Capital assets

	Depreciable life	Balance, July 1, 2012	Increases	Decreases	Balance, June 30, 2013
Capital assets not being depreciated, land		\$ 128,762		\$ -	\$ 128,762
Capital assets being depreciated:					
Equipment	5	74,507	\$ 18,391		92,898
Automobiles	5	22,038			22,038
Total capital assets being depreciated		96,545	18,391		114,936
Accumulated depreciation:					
Equipment		(38,802)	(15,485)		(54,287)
Automobiles		(2,938)	(4,408)		(7,346)
Total accumulated depreciation		(41,740)	(19,893)		(61,633)
Total capital assets being depreciated, net		54,805	(1,502)		53,303
Total capital assets, net		\$ 183,567	\$ (1,502)	\$ -	\$ 182,065

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6. Long-term debt:

RIEDC bonds payable and net investment in direct financing leases:

During 1995, RIEDC issued bonds totaling \$34,070,000 to finance the rehabilitation and other related costs of the Shepard Building. The debt service of 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 with the State and the bonds were removed from the Corporation's financial statements. The outstanding balance of these defaced bonds at June 30, 2013 was approximately \$10,765,000.

During 1996, RIEDC 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, RIEDC 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, RIEDC 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.

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6. Long-term debt (continued):

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

Aggregate scheduled principal and interest payments due on RIEDC's revenue bonds and total future minimum lease payments receivable at June 30, 2013 are as follows:

Year ending June 30,	Principal	Interest
2014	\$ 2,019,566	\$ 2,363,960
2015	2,188,059	2,199,403
2016	2,365,510	2,023,604
2017	2,560,035	1,828,449
2018	2,765,676	1,619,895
2019-2023	12,350,886	4,637,714
2024-2027	6,467,701	1,125,976
	<u>30,717,433</u>	<u>\$ 15,799,001</u>
Less current portion of long term debt	<u>2,019,566</u>	
Net long-term portion of bonds payable	<u>\$ 28,697,867</u>	

RIEDC has entered into direct financing leases with Bank of America and FMR Rhode Island, Inc. 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 RIEDC semi-annually over the life of the bonds provided that the lessees achieve certain job targets. For the year ended June 30, 2013, job rent credits issued by RIEDC totaled \$3,080,526.

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 \$5,951,551 includes the \$2,019,566 current portion of long-term debt and \$3,931,985 of other grant-related current liabilities payable from restricted assets.

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6. Long-term debt (continued):

Notes payable, Masonic Temple tax credit loans:

In July 2007, the Corporation closed on transactions relative to the State's retirement of approximately \$21,000,000 of unused historic tax credit obligations on the Masonic Temple Hotel (Hotel), resulting in a net benefit to the State of approximately \$7,000,000.

To satisfy payment, the Corporation issued \$14,280,000 of notes payable, the proceeds from which were used to loan \$14,000,000 to the owner of the Hotel, MTRI, Inc. (MTRI), in exchange for MTRI's and its affiliate's forbearance on utilizing or selling the eligible tax credits. MTRI was to pay the Corporation annual interest only payments until the loan is due 40 years from the date of closing. In addition, MTRI was required to deposit funds in escrow as security for the loan.

In July 2013, RIEDC was notified by MTRI's legal counsel that MTRI would be defaulting on the loan. As a result, RIEDC pursued and recovered the \$874,040 balance in the pledged escrow account in August 2013. This amount is reported as accounts receivable in the accompanying statement of net position.

Changes in long-term obligations during the year ended June 30, 2013, excluding the net pension obligation and including SBLF, were as follows:

	Balance, July 1, 2012	Additions	Reductions	Balance, June 30, 2013	Amounts due within one year
Revenue bonds	\$ 32,589,054	\$ -	\$ (1,871,621)	\$ 30,717,433	\$ 2,019,566
Unearned revenue	15,323,768		(2,779,292)	12,544,476	446,806
Payable from restricted assets	3,095,676		(2,799)	3,092,877	
	<u>\$ 51,008,498</u>	<u>\$ -</u>	<u>\$ (4,653,712)</u>	<u>\$ 46,354,786</u>	<u>\$ 2,466,372</u>

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7. State appropriations:

During the year ended June 30, 2013, RIEDC received the following appropriations from the State:

Budget	\$ 3,972,864
Legislative	633,189
Slater technology fund	1,500,000
Public investment payment (Note 10)	3,560,000
Job rent credits (Note 6)	3,080,526
RI Airport Impact Aid	1,008,086
Science and Technology Advisory Council (STAC)	1,150,000
Leased employee	108,139
America's Cup	567,375
	15,580,179
Less STAC unearned revenue at June 30, 2013	(308,824)
Less due from State at June 30, 2013	(108,139)
Add STAC unearned revenue at June 30, 2012	117,741
Add due from State at June 30, 2012	885,000
	\$ 16,165,957

RIEDC is dependent upon annual appropriations by the General Assembly of the State to fund its operating expenses.

8. Pension plans:

RIEDC pension plan:

Employees of the Corporation hired prior to January 1, 2006 are covered by the Rhode Island Economic Development Corporation Pension Plan and Trust (the Plan), a single-employer defined benefit pension plan administered by RIEDC. 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 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 RIEDC 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.

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8. Pension plans (continued):

Funding policy:

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

Annual pension cost and net pension obligation:

RIEDC's annual pension cost for the year ended June 30, 2013 and net pension obligation were as follows:

Annual required contribution	\$ 241,738
Interest on net pension obligation	107,135
Adjustment to annual required contribution	<u>(255,884)</u>
Annual pension cost	92,989
Contributions made	<u>(260,000)</u>
Decrease in net pension obligation	(167,011)
Net pension obligation, beginning of year	<u>1,648,223</u>
Net pension obligation, end of year	<u><u>\$ 1,481,222</u></u>

The net pension obligation and annual pension cost are allocated by the Plan's actuary between RIEDC and the QDC, an entity established for the purpose of developing and managing state lands for commercial purposes. At June 30, 2013, \$624,277 and \$856,945 of the net pension obligation was allocated to RIEDC and QDC, respectively.

The annual required contribution for the current year was determined as part of the July 1, 2013 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.

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8. Pension plans (continued):

Annual pension cost and net pension obligation (continued):

Three-year trend information

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 92,989	\$ 260,000	279.6%	\$ 1,481,222
2012	\$ 7,355	\$ 125,000	1700.0%	\$ 1,648,233
2011	\$ 193,850	\$ 300,000	155.0%	\$ 1,765,878

Funding progress:

As of July 1, 2013, the latest actuarial valuation date, the actuarial value of assets in the RIEDC plan was \$16,002,801 and the actuarial accrued liability was \$15,973,599, for a funding excess of \$29,202. The actuarial value of assets as a percentage of the actuarial accrued liability was 100.2% at June 30, 2013. Annual covered payroll was \$2,768,284; the funding excess is 1.1% 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 RIEDC 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.

Other plans:

Employees of RIEDC hired on or after January 1, 2006 participate in the RIEDC Section 401a Retirement and Savings Plan (the 401a Plan), a discretionary contribution plan. The 401a Plan provides for RIEDC to make discretionary matching or additional contributions as approved by the Board of Directors. For the fiscal year ended June 30, 2013, RIEDC contributed 4% of eligible salary and provided up to an additional 3% to the extent the employee participated in the RIEDC Section 475 Deferred Compensation Plan (the 457 Plan). Contributions for the fiscal year ended June 30, 2013 were \$93,405. All employees are eligible to participate in the 457 Plan. Both the 401a Plan and the 457 Plan are calendar year based.

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9. Postemployment healthcare plan:

For certain employees, the RIEDC contributes to the State Employees' defined benefit post-employment health care 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 (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 the RIEDC.

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 system.

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

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 2013 was 6.86% 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. RIEDC's contribution to the plan for the years ended June 30, 2013, 2012 and 2011 was approximately \$6,000, \$6,400 and \$88,800, respectively, representing 100% of the ARC.

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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:

RIEDC 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 RIEDC 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. RIEDC's requirement to make public investment payments to PPG is subject to the State's annual appropriations to RIEDC of related sales tax. During the year ended June 30, 2013, RIEDC made public investment payments to PPG totaling \$3,560,000.

Litigation:

As part of the condemnation of various parcels of real estate relating to the FMR Project, actions against RIEDC have been filed in Providence Superior Court (the Court) appealing the order of the Court regarding the amount to be paid by RIEDC for the condemned properties. The Plaintiffs have not stated specific damage amounts. Subject to the Ground Lease entered into between RIEDC 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 RIEDC, if any, is unknown.

RIEDC is the defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of RIEDC's management, the resolution of these matters will not have a material adverse effect on the financial position of RIEDC.

As of June 30, 2013, 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.

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

10. Commitments and contingencies (continued):

Risk management:

RIEDC is self-insured for unemployment compensation. No accrual has been made for claims expected to arise from services rendered on or before June 30, 2013 because RIEDC officials are of the opinion that, based upon prior years' experience, any claims will not be material.

RIEDC 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 RIEDC carries commercial insurance. Neither RIEDC nor its insurers have settled any claims which exceeded RIEDC'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.

Private-sector entity insured commitment:

Under a Settlement Agreement, dated March 3, 2001, by and between Cyto Therapeutics, Inc. (CTI), RIEDC, Rhode Island Industrial-Recreational Building Authority (RIIRBA), and Rhode Island Industrial Facilities Corporation (RIIFC) (both component units of the State), RIEDC 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 RIEDC any unused funds. At June 30, 2013, \$696,557 is due from RIIRBA.

11. Conduit debt obligations:

From time to time, RIEDC 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. RIEDC is not obligated in any manner for repayment of the bonds and notes, except for the loan provided to 38 Studios LLC, as described below. The bonds and notes are not reported as liabilities in the accompanying financial statements.

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

October 28, 2013

For Management Discussion Purposes Only
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11. Conduit debt obligations (continued):

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 the amounts equal to interest and principal payments due on the respective issues. Accordingly, the payments are not shown as receipts and disbursements of RIEDC. The aggregate principal amount outstanding under such conduit debt obligations at June 30, 2013 was approximately \$903,539,000.

During the fiscal 2010 legislative session, the General Assembly approved the Job Creation Guaranty Program (JCGP), which authorizes RIEDC 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.

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.

This is a conduit debt transaction and, accordingly, this loan is not reported as a liability in the accompanying financial statements. RIEDC 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 RIEDC by the State pursuant to the provisions of this section shall constitute and be accounted for as advances by the State to RIEDC.

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

11. Conduit debt obligations (continued):

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. As of June 30, 2012, the Capitalized Interest Account was estimated to be \$2,650,000, the Capital Reserve Account was estimated to be \$12,750,000, and all project funds have been completely expended. Funds from the Capitalized Interest Account and the Capital Reserve Account are available to pay the debt service due to the bondholders in November 2012 and May 2013. The amount, if any, that may be realized from the liquidation of assets to be used to pay debt service is not presently determinable.

In accordance with the enabling legislation and an agreement between RIEDC, the trustee, and 38 Studios, should amounts in the Capital Reserve Account fall below minimum requirements, RIEDC 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 \$2,500,000 in its budget for the fiscal year ended June 30, 2013 to cover the scheduled bond payment in May 2014.

The total aggregate principal amount outstanding under all conduit debt obligations at June 30, 2013 was approximately \$978,539,000.

12. ProvPort crane and barge project:

During the year ended June 30, 2013, the United States Department of Transportation, Maritime Administration (MARAD), and RIEDC executed a Grant Agreement, and RIEDC 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, RIEDC 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 ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

October 28, 2013
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 RIEDC. The Project Equipment, which is located at the Port of Providence, has been leased by RIEDC 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. RIEDC 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. RIEDC has provided a first priority security interest in the barges to Bank of America. RIEDC 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, RIEDC has accounted for this lease as a direct financing capital lease.

Through June 30, 2013, amounts owed for work completed by the crane vendor totaled \$9,739,230. RIEDC owes the Organization \$3,931,985 of this amount, which is to be paid from TIGER II Grant funds and is classified as a current payable from restricted assets in the accompanying statement of net position. At June 30, 2013, RIEDC has restricted cash on hand of \$2,027,860 and has recorded \$1,904,125 in restricted grant receivables to satisfy the payable owed to the Organization.

The RIEDC 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, 2013.

13. Contractual services:

Contractual services by service category for RIEDC and SBLF for the year ended June 30, 2013 are as follows:

	RIEDC	SBLF
Information technology	\$ 136,983	
Legal services	835,614	\$ 19,376
Consulting	523,379	16,473
Other	305,605	6,019
	\$ 1,801,581	\$ 41,868

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2013

October 28, 2013
For Management Discussion Purposes Only
Subject to Final Review

RIEDC'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)
7/1/2011	\$15,385,170	\$13,619,019	\$(1,766,151)	113.0%	\$3,316,037	-53.3%
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%

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.

Draft

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

Independent Auditors' Report on Accompanying Information

Board of Directors
Rhode Island Economic Development Corporation
Providence, Rhode Island

Our audit was performed for the purpose of forming an opinion on the 2013 basic financial statements of the Rhode Island Economic Development Corporation, a component unit of the State of Rhode Island, taken as a whole. The accompanying supplementary information on pages 40 through 48 is presented for purposes of additional analysis and is not a required part of the 2013 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
_____, 2013

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

Federal Grantor/Program Title/ Pass-through grantor	Federal CFDA Number	Federal Expenditures
DEPARTMENT OF DEFENSE		
Procurement Technical Assistance for Business Firms	12.002	\$ 352,601
DEPARTMENT OF LABOR		
WIA Pilots, Demonstrations, and Research Projects	17.261	97,879
DEPARTMENT OF COMMERCE		
State Broadband Data and Development Grant Program - ARRA	11.558	578,875
Economic Adjustment Assistance	11.307	10,421,245
Total Department of Commerce		11,000,120
DEPARTMENT OF HOMELAND SECURITY		
Port Security Grant Program	97.056	1,269,506
ENVIRONMENTAL PROTECTION AGENCY		
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	13,538
DEPARTMENT OF ENERGY		
Pass-through programs from the State of Rhode Island; State Energy Program	81.041	294,232
DEPARTMENT OF TRANSPORTATION, <i>Maritime Administration</i>		
Surface Transportation - Discretionary Grants for Capital Investment	20.932	9,739,230
Total expenditures of federal awards		\$ 22,767,106

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED FORMAT

JUNE 30, 2013

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

Combined Statement of Net Position

Attachment B

Assets

Current assets:

Cash and cash equivalents	\$	5,568,733
Investments		947,164
Receivables (net)		3,109,454
Restricted assets:		
Cash and cash equivalents		12,893,936
Investments		2,019,566
Receivables (net)		2,468,627
Other assets		
Due from primary government		108,139
Due from other State component units		95,362
Due from other governments		
Inventories		
Other assets		77,318

Total current assets		27,288,299
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Noncurrent assets:

Investments		1,877,576
Receivables (net)		4,551,482
Restricted assets:		
Cash and cash equivalents		6,401,078
Investments		26,112,895
Receivables (net)		
Other assets		1,135,417
Due from other State component units		696,557
Capital assets - nondepreciable		128,762
Capital assets - depreciable (net)		53,303
Other assets, net of amortization		

Total noncurrent assets		40,957,070
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Total assets		68,245,369
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Deferred outflows of resources, accumulated decrease in fair value of hedging derivatives		
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(continued)

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED FORMAT

JUNE 30, 2013

October 26, 2013
For Management Discussion Purposes Only
Subject to Final Review

Combined Statement of Net Position (Continued)

Attachment B

Liabilities

Current liabilities:

Cash overdraft	
Accounts payable	\$ 589,016
Due to primary government	
Due to other State component units	
Due to other governments	
Unearned revenue	446,806
Other liabilities	5,100,390
Current portion of long-term debt	<u>2,019,566</u>
Total current liabilities	<u>8,155,778</u>

Noncurrent liabilities:

Due to primary government	
Due to other governments	
Due to other State component units	
Unearned revenue	12,097,670
Notes payable	
Loans payable	
Obligations under capital leases	
Net OPEB obligation	
Other liabilities	3,717,154
Compensated absences	
Bonds payable	<u>28,697,867</u>
Total noncurrent liabilities	<u>44,512,691</u>
Total liabilities	<u>52,668,469</u>

Deferred inflows of resources:

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

(continued)

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED FORMAT

JUNE 30, 2013

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

Combined Statement of Net Position (Continued)

Attachment B

Net position

Investment in capital assets	182,065
Restricted for:	
Debt	
Other	-
Other nonexpendable	14,236,388
Unrestricted	<u>1,158,447</u>
Total net position	<u>\$ 15,576,900</u>

Draft

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED FORMAT

JUNE 30, 2013

October 29, 2013

For Management Discussion Purposes Only
Subject to Final Review

Combined Statement of Activities

Attachment C

Expenses	<u>\$ 34,924,616</u>
Program revenues:	
Charges for services	17,500
Operating grants and contributions	13,084,224
Capital grants and contributions	-
	<hr/>
Total program revenues	13,101,724
	<hr/>
Net (expenses) revenues	<u>(21,822,892)</u>
General revenues:	
Interest and investment earnings	4,130,385
Miscellaneous revenue	17,889,907
	<hr/>
Total general revenues	22,020,292
	<hr/>
Income before transfers and special and extraordinary items	197,400
Transfer from other State component unit	234,531
Special items	
Extraordinary items	
	<hr/>
Change in net assets	431,931
Total net position - beginning	<u>15,144,969</u>
Total net position - ending	<u><u>\$ 15,576,900</u></u>

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RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED **FORMAT 28, 2013**

JUNE 30, 2013

For Management Discussion Purposes Only
Subject to Final Review

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,019,566	\$ 2,363,960
2015	2,188,059	2,199,403
2016	2,365,510	2,023,604
2017	2,560,035	1,828,449
2018	2,765,676	1,619,895
2019 - 2023	12,350,886	4,637,714
2024 - 2027	6,467,701	1,125,976
	\$ 30,717,433	\$ 15,799,001

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RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED FORMAT

YEAR ENDED JUNE 30, 2013

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	\$ 32,589,054		\$ 1,871,621	\$ 30,717,433	\$ 2,019,566	\$ 28,697,867
Net unamortized premium/discount						
Deferred amount on refunding						
Bonds payable	32,589,054	-	1,871,621	30,717,433	2,019,566	28,697,867
Notes payable						
Loans payable						
Obligations under capital leases						
Net OPEB obligation	688,430		64,153	624,277		624,277
Compensated absences	157,504		57,756	99,748	99,748	-
Due to primary government and agencies						
Due to other governments						
Unearned revenue	15,323,768		2,779,292	12,544,476	446,806	12,097,670
Due to other State component units						
Other liabilities, payable from restricted assets	3,095,676		2,799	3,092,877		3,092,877
	\$ 51,854,432	\$ 0	\$ 4,775,621	\$ 47,078,811	\$ 2,566,120	\$ 44,512,691

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES

YEAR ENDED JUNE 30, 2013

Date	Payee	Amount	Purpose
7/12/2012	RI Food Dealers Assoc.	\$ 265	RI Food Dealers Assoc for RI Business Day Conference in Washington, DC for D. Reynolds
8/2/2012	Dorothy Reynolds	951	APTAC Summer 2012 in Knoxville, TN
8/9/2012	Dorothy Reynolds	470	AMEXP Open Conf. in Merrimack, NH
8/23/2012	Katrina White	1,714	National Tour Association in San Diego, CA
8/23/2012	Stuart Freiman	228	NGA Forum in Leesburg, VA
8/23/2012	Mark Brodeur	465	Mommy Bloggers Meeting in New York, NY
8/30/2012	Dorothy Reynolds	517	SBIR Conference in Hanover, MD
9/13/2012	APTAC	545	Dorothy Reynolds Registration Fee for Fall 2012 APTAC Conference in Washington, DC
9/13/2012	APTAC	695	Louis Francis Registration Fee for Fall 2012 APTAC Conference in Washington, DC
9/20/2012	APTAC	695	Richard Ferro Registration Fee for Fall 2012 APTAC Conference in Washington, DC
9/20/2012	Dorothy Reynolds	326	Senator Reed Day in Washington, DC
10/5/2012	Shane White	1,540	NSGIC Conference in Lake Buena Vista, FL
10/11/2012	Paul Harden	1,335	IBEX Conference in Louisville, KY
10/11/2012	Sean Esten	898	SSBCI Conference Chicago, IL
10/11/2012	Mark Brodeur	1,096	ESTO Conference in Boston, MA
10/18/2012	Louis Francis	1,096	DotD Matchmaker Conference in Rochester, NY
10/18/2012	APTAC	595	Stephen Katz Registration Fee for Fall 2012 APTAC Conference in Washington, DC
10/25/2012	Sean Esten	1,991	NADO Conference in Las Vegas, NV
10/31/2012	BetaSpring LLC	1,277	SSBCI Conference Chicago, IL for Owen Johnson
11/1/2012	RI General Treasurer	1,179	SSBCI Conference Chicago, IL for Bernard Lane
11/2/2012	Christine Smith	1,669	SSTI 2012 Conference in Atlanta, GA
11/2/2012	Paul Harden	336	NEDA Conference in Hartford, CT
11/8/2012	Dorothy Reynolds	1,277	APTAC Fall 2012 in Washington, DC
11/15/2012	Hannah D. Morini	207	Clean Energy State Alliance Conference in Albany, NY
11/15/2012	Stephen P. Katz	756	APTAC Fall 2012 in Washington, DC
12/3/2012	Louis Francis	1,002	APTAC Fall 2012 in Washington, DC
12/6/2012	Richard Ferro	1,370	APTAC Fall 2012 in Washington, DC
1/10/2013	APTAC	125	Dorothy Reynolds Registration Fee for Winter APTAC Board Meeting Washington, DC
1/17/2013	Governor Lincoln Chafee	2,440	Meeting with Dassault Systems in Paris, France
1/17/2013	RI Convention Center	468	Chauffeur Service for Gov. Chafee during meeting with Dassault Systems in Paris, France
1/17/2013	Katrina White	1,586	American Bus Association Conference in Charlotte, NC
1/25/2013	Star Destinations	895	Katrina White registration fee for 2013 Bank Travel Conference in Virginia Beach, VA
1/25/2013	Jayne Panarello	804	Japanese Seminar and Workshop for Tour & Receptive Operators in Los Angeles, CA
2/7/2013	APTAC	2,705	Registration Fee for Spring 2013 APTAC Conference in Atlanta, GA for PTAC Employees

(continued)

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES (CONTINUED)

YEAR ENDED JUNE 30, 2013

Date	Payee	Amount	Purpose
2/7/2013	Mark Brodeur	\$ 292	Media Trip in Nashua, NH
2/7/2013	Katrina White	301	Educational Travel Conference in Orlando, FL (Flight covered by NTA expenses)
2/7/2013	Katrina White	1,366	National Tour Association Conference in Orlando, FL
2/14/2013	Katrina White	764	Bank Travel Conference in Virginia Beach, VA
2/14/2013	Stuart Freiman	442	FCC Broadband Meeting in Washington, DC
3/7/2013	Katrina White	256	ALHFAM Conference in Sturbridge, MA
3/7/2013	Dorothy Reynolds	314	APTAC Winter 2012 Meeting in Washington, DC
3/25/2013	Paul Harden	1,173	NAWB Conference in Washington, DC
4/5/2013	Mark Brodeur	467	Discover New England Conference in Stockbridge, MA
4/5/2013	Mark Brodeur	379	New York Media Trip in New York City, NY
4/5/2013	APTAC	645	Victor Howard Registration Fee for Spring 2013 APTAC Conference in Atlanta, GA
4/17/2013	Katrina White	748	Destination Capitol Hill Conference in Washington, DC
4/19/2013	RI Export Assistance Center	4,000	Participation Fees for Mark Brodeur for the China Trade Mission
4/25/2013	Christine Smith	796	BIO 2013 Conference in Chicago, IL
5/2/2013	Sean Esten	1,670	NADO Conference in Greenville, SC
5/2/2013	Louis Francis	1,655	APTAC Spring 2013 Conference in Atlanta, GA
5/2/2013	Victor Howard	1,420	APTAC Spring 2013 Conference in Atlanta, GA
5/2/2013	Stephen P. Katz	1,462	APTAC Spring 2013 Conference in Atlanta, GA
5/2/2013	Dorothy Reynolds	2,043	APTAC Spring 2013 Conference in Atlanta, GA
5/2/2013	RFL-Richard Ferro	1,485	APTAC Spring 2013 Conference in Atlanta, GA
5/16/2013	Alison Walsh	1,735	SHLB Conference in Washington, DC
5/16/2013	Stuart Freiman	1,725	SHLB Conference in Washington, DC
5/16/2013	Jayne Panarello	780	Discover New England Conference in Stowe, VT
5/30/2013	SSTI	550	Christine Smith Registration Fee for SSTI Conference in Portland, OR
6/13/2013	Sean Esten	1,301	SSBCI Conference in Dallas, TX
6/19/2013	Jayne Panarello	1,592	PowWow 2013 in Las Vegas, NV
6/24/2013	Richard G. Horan	1,035	SSBCI Conference in Dallas, TX
6/30/2013	RI General Treasurer	1,303	SSBCI Conference Chicago, IL for Bernard Lane
6/30/2013	Mark Brodeur	390	Trade Mission to China
	Total	\$ 65,607	

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2013

	Rhode Island Economic Development Corporation	Renewable Energy Fund	October 28, 2013		
			For Management Discussion Purposes Only Job Creation Guaranty	Subject to Final Review ARRA Energy	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 838,657				\$ 838,657
Accounts receivable	1,010,027		\$ 9,515		1,019,542
Interfund receivable	-	\$ 361,798			361,798
Due from State of Rhode Island	108,139				108,139
Due from other State component units	95,362				95,362
Deposits and prepaid expenses	74,201				74,201
Restricted:					
Cash and cash equivalents	2,784,058	10,069,616	20,046	\$ 20,216	12,893,936
Investments	947,164				947,164
Grants and other receivables	2,465,618	3,009			2,468,627
Net investment in direct financing leases	2,019,566				2,019,566
Total current assets	10,342,792	10,434,423	29,561	20,216	20,826,992
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	4,730,741		1,670,337		6,401,078
Notes receivable	-	1,135,417			1,135,417
Net investments in direct financing leases, less current portion	26,112,895				26,112,895
Due from other State component units	696,557				696,557
Capital assets not being depreciated	128,762				128,762
Capital assets being depreciated, net	43,703	9,600			53,303
Total noncurrent assets	31,712,658	1,145,017	1,670,337	-	34,528,012
Total assets	42,055,450	11,579,440	1,699,898	20,216	55,355,004
LIABILITIES:					
Current liabilities:					
Accounts payable	573,592				573,592
Accrued expenses and other	577,783	89,492	132,223		799,498
Interfund payable	110,235		154,786		265,021
Current portion of notes, bonds and leases payable	-				-
Payable from restricted assets	5,951,551				5,951,551
Unearned revenue	386,543			20,216	406,759
Total current liabilities	7,599,704	89,492	287,009	20,216	7,996,421
Noncurrent liabilities:					
Liabilities payable from restricted cash and cash equivalents	3,092,877				3,092,877
Net pension obligation	624,277				624,277
Bonds and leases payable, less current portion	28,697,867				28,697,867
Unearned revenue	7,656	11,431,107	658,907		12,097,670
Total noncurrent liabilities	32,422,677	11,431,107	658,907	-	44,512,691
Total liabilities	40,022,381	11,520,599	945,916	20,216	52,509,112
NET POSITION:					
Investment in capital assets	172,465	9,600	-	-	182,065
Restricted	1,317,747	11,208,042	1,690,383	20,216	14,236,388
Unrestricted (deficit)	542,857	(11,158,801)	(936,401)	(20,216)	(11,572,561)
Total net position	\$ 2,033,069	\$ 58,841	\$ 753,982	\$ -	\$ 2,845,892

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

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

YEAR ENDED JUNE 30, 2013

	Rhode Island Economic Development Corporation		October 28, 2013		
			Renewable Energy Fund	For Management Discussion Purposes Only Job Creation Guaranty	Subject to Final Review ARRA Energy
Operating revenues:					
Charges for services:					
Rentals and fees	\$ 17,500				\$ 17,500
Interest on loans	-	\$ 11,526			11,526
Other income	26,572	1,755,507	\$ 424,421	\$ 294,311	2,500,811
Total operating revenues	44,072	1,767,033	424,421	294,311	2,529,837
Operating expenses:					
Personnel services	2,908,970	97,830	51,005		3,067,805
Contractual services	1,358,711	176,165	266,705		1,801,581
Grants	-	1,454,816			1,454,816
Other expenses	855,057	17,095	22	294,232	1,166,406
Depreciation and amortization	19,893				19,893
Total operating expenses	5,142,631	1,745,906	327,732	294,232	7,510,501
Operating income (loss)	(5,098,559)	21,127	96,689	79	(4,980,664)
Nonoperating revenues (expenses):					
Appropriations from State	15,389,096				15,389,096
Investment and other revenue	3,537,761	1,137			3,538,898
Interest expense	(2,516,259)				(2,516,259)
Grant income	12,099,972				12,099,972
Grant expenses	(12,138,717)				(12,138,717)
Public investment payments and job credits	(6,640,526)				(6,640,526)
Other	(4,783,401)				(4,783,401)
Total nonoperating revenues, net	4,947,926	1,137		-	4,949,063
Income (loss) before transfers	(150,633)	22,264	96,689	79	(31,601)
Transfer from other State component unit	234,531				234,531
Change in net position	83,898	22,264	96,689	79	202,930
Total net position, beginning of year	1,949,171	36,577	657,293	(79)	2,642,962
Total net position, end of year	\$ 2,033,069	\$ 58,841	\$ 753,982	\$ -	\$ 2,845,892



October 28, 2013

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 Economic Development 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 Economic Development Corporation (the Corporation), a component unit of the State of Rhode Island, which comprise the statement of net position as of June 30, 2013, 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 _____, 2013.

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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A Limited Liability Partnership

10 Weybosset Street, Suite 700, Providence, RI 02903 • (p) 401.421.4800 • 1.800.927.LGCD • (f) 401.421.0643 • www.lgcd.com

**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 Economic Development Corporation
Providence, Rhode Island

October 28, 2013
For Management Discussion Purposes Only
Subject to Final Review

Internal Control Over Financial Reporting (Continued)

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. We consider the deficiencies described in the accompanying schedule of findings and responses as Items 2013-1 and 2013-2 to be material weaknesses.

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
_____, 2013

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

YEAR ENDED JUNE 30, 2013

October 28, 2013

For Management Discussion Purposes Only
Subject to Final Review

2013-2 Renewable Energy Fund – Loan Files and Compliance

Observations:

Certain Renewable Energy Fund (REF) loans require borrowers to comply with certain terms and provisions, including, among others, financial reporting requirements and the requirement to commence loan repayment upon the achievement of certain financial targets. During our audit, we noted that the Corporation had not fully implemented periodic loan monitoring processes as of year-end to monitor the terms and conditions with which a borrower must comply, including provisions which would require the borrower to make loan repayments upon the achievement of certain financial targets. It is our understanding that the Corporation began implementing loan monitoring processes near year-end in response to a similar finding contained within the Bureau of Audits' final report, dated July 8, 2013, of its audit of the REF (the Bureau's Report).

Also, although no REF loans were originated during the year ended June 30, 2013, we reviewed the loan file for selected loans recorded as loans receivable at year-end. During our review of the selected loan files, consistent with management's prior knowledge based on similar findings contained within the Bureau's Report, we noted that the selected loan files did not contain sufficient supporting documentation evidencing decisions related to loan origination and were not maintained using a consistent file structure.

Recommendations:

We recommend that management complete the implementation of its monitoring processes which would incorporate the review of all loans to determine the terms and provisions with which each borrower must comply and to monitor the borrowers' compliance with such terms and provisions. Also, we recommend that management implement a formal loan origination and maintenance file structure, similar to that currently used within the Small Business Loan Fund, to facilitate the documentation of all loan decisions.

Management's Response:

EXHIBIT D



A New Day!

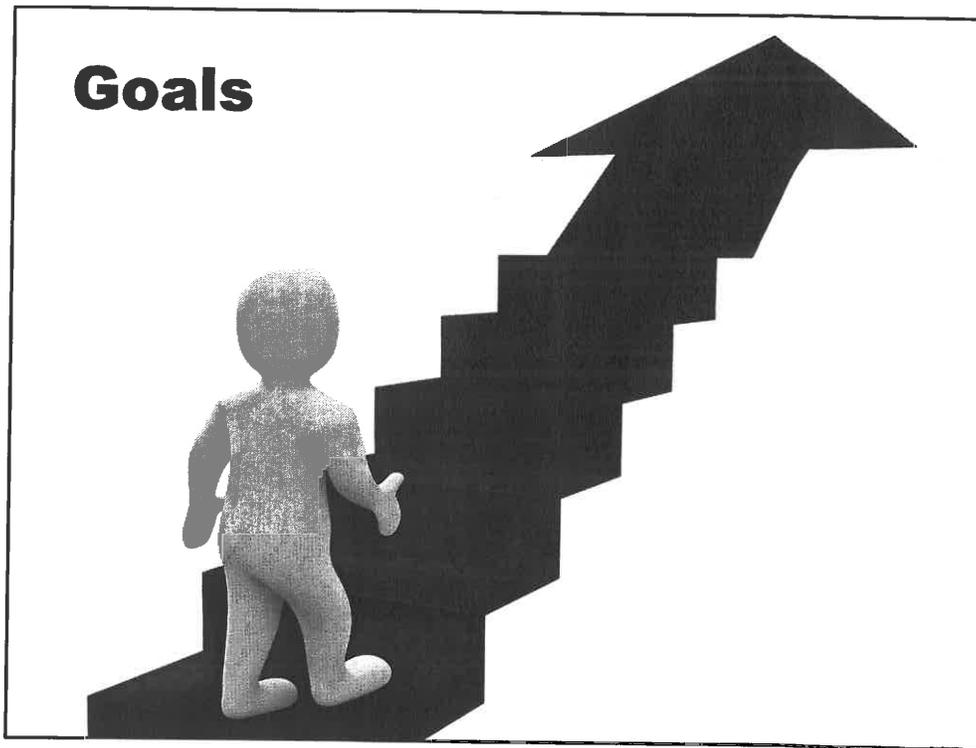
Client Relationship Management System

Rhode Island Economic Development
Corporation

Prepared by:

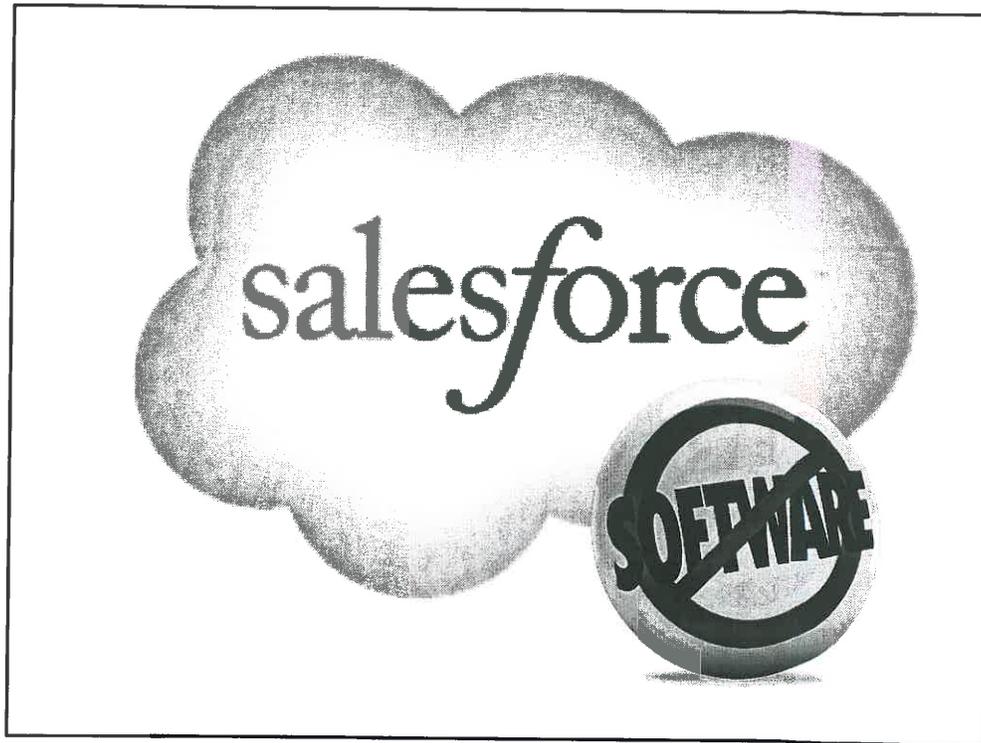
Tim Hebert

Chris Cannata



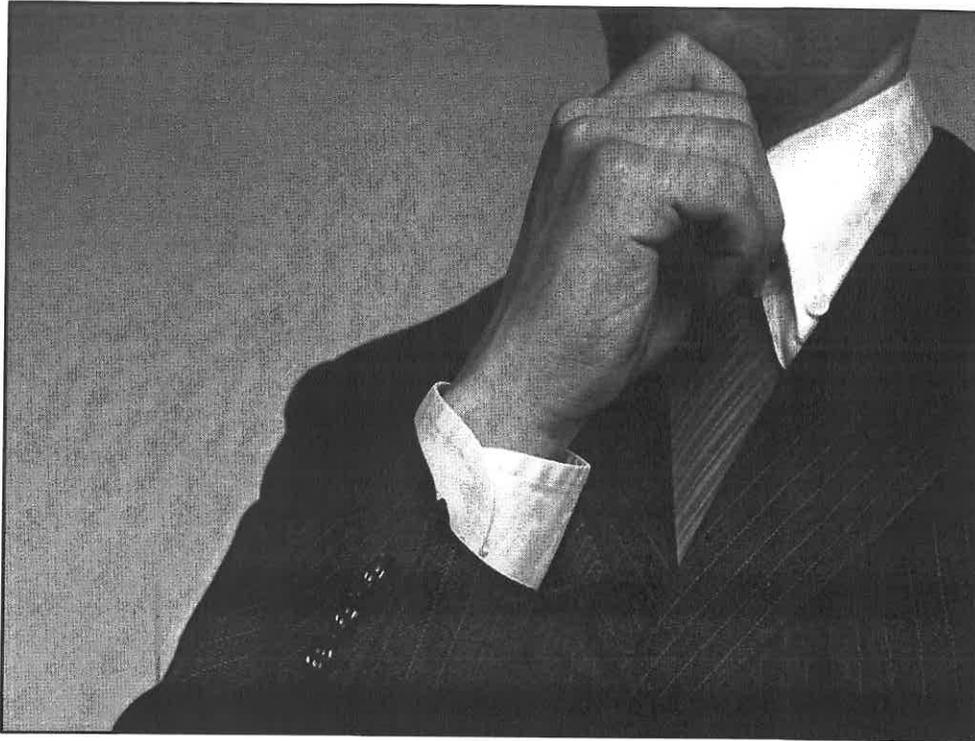
Goals

- Business Centric Economic Development Center
- Centralize Activity Tracking System
- Centralize Database for Statewide Economic Development
- Fit within FY2013/2014 EDC Budget



CRM SOLUTION

- World Class Solution
- Cloud Based Strategy
- Highly Extensible
- Reliability
- Support



Buan Consulting

1910 Towne Centre Blvd, Suite 250
Annapolis, MD 21401

- ▶ Specializes in salesforce.com for Economic Development
 - ▶ 18 Econ. Dev. across the U.S.
 - ▶ Implemented over 350 CRM systems

- ▶ 96% customer satisfaction rating

- ▶ Consultants
 - ▶ 100% Certified Staff – Sales & Service Cloud, Developers

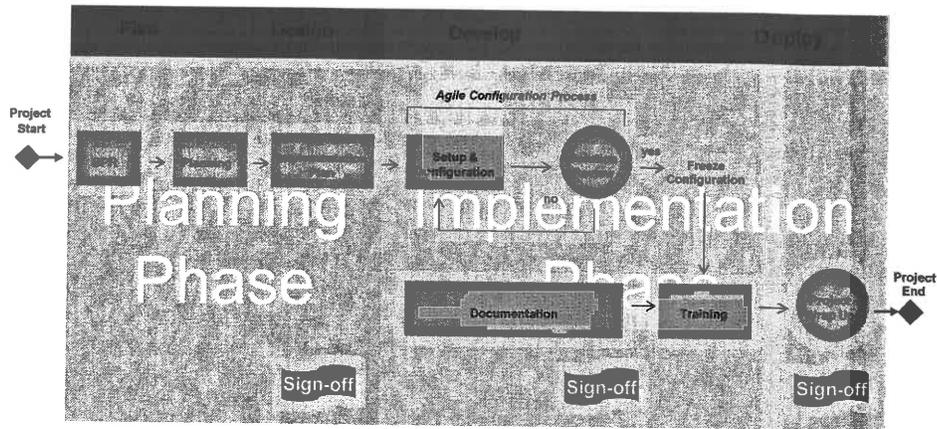


Keys to Success

- Assign an Executive Sponsor
Marcel Valois
- Assign an Project/Program Manager
Chris Cannata
- Use Proven Methodology
- Identify Data and Data Sources
Existing databases, Data.com,
- Establish Achievable goals

Methodology

Average timeline*: 4 to 8 weeks



*Timeline dependant upon: client schedule, edition of Salesforce.com, number of seats, number of business processes



RIEDC Solution

CRM Solution

25 Enterprise Salesforce.com licenses (1 or 3 year term)

25 Data.com Cleaner Licenses (1 or 3 year term)

2 Data.com prospector licenses (1 or 3 year term)

Annual Support Salesforce.com

Buan Consulting Services

Implementation and Project Management

End-User and Administration Training

Data Migration

Support (retainer)

LEAN Consulting Services

LEAN Training

Process improvement Consulting

**“Technology is the
easy part, but
changing habits to
maximize adoption
is difficult.”**



RIEDC

Rhode Island
Economic Development Corporation

Thank You

EXHIBIT E

**RI Renewable Energy Development Fund
 RI Economic Development Corporation
 2013 Commercial Development Funding Program
 Summaries for the October 2013 EDC Board Meeting**

Applicant 7-105: Belcourt of Newport, LLC
 657 Bellevue Ave
 Newport, RI 02840
 (401)-633-1486
www.belcourt.com

Contact: Lori Laplante

Grant Request: \$18,504.79

Purpose: The design and installation of a 18 kW Solar Photovoltaic system on the historic Belcourt Castle, located in Newport, RI

Sources and Uses:

Sources:		
RI Renewable Energy Fund	\$18,504.79	20%
Belcourt of Newport, LLC	\$74,019.18	80%
Total:	\$92,523.97	100%
Uses:		
The design and installation of a 18 kW Solar PV system on the Belcourt Castle		

Application Summary:

Belcourt of Newport, LLC is a new event and production venue located in the historic Belcourt Castle of Newport, and is owned by Carolyn Rafaelian of Alex and Ani. The goal of Belcourt of Newport, LLC is to create an environmentally friendly event venue. The castle is currently undergoing extensive renovations, which includes a new geothermal heating and cooling system. Belcourt of Newport is seeking funding for the installation of a solar PV system, which will help to satisfy the electricity demands of the geothermal system. Together, these two renewable energy projects can bring the castle to a nearly net-zero energy usage situation in terms of heating and cooling. Belcourt of Newport has contracted Newport Renewables as the authorized agent of this project.

7-105: Apex Warwick
505 Central Ave
Pawtucket, RI 02861
(401) 642-3232
www.teknorapex.com

Contact: Brian Wojtyna

Grant Request: \$22,500.00

Purpose: The design and installation of a 29.757 kW Solar Photovoltaic system on Apex Warwick located in Pawtucket, RI.

Sources and Uses:

Sources:		
RI Renewable Energy Fund	\$ 22,500	20%
Apex Warwick, Inc	\$ 90,000	80%
Total:	\$ 112,500	100%
Uses:		
Installation of a 29.757 kW solar photovoltaic system at Apex Warwick, Inc		

Application Summary:

Apex Warwick, Inc, an affiliate of the Teknor Apex Company, is seeking funding for the installation of a Solar PV system at its manufacturing facility located at 90 Mendon Ave. Pawtucket, RI. The Teknor Apex Company is a plastics manufacturing facility located in Pawtucket, RI. This company currently employs over 450 people, and has been doing business in RI since 1924.

The Solar PV system will help reduce the electricity consumption of Teknor Apex, which currently equates to over 40 MWh per year. Teknor has taken many steps to reduce their energy use through National Grid's Energy Efficiency programs. The company is currently participating in a Pilot Program with National Grid which targets manufacturing facilities in Rhode Island. The solar projects are a way for Teknor to find additional ways to reduce their energy costs. These projects are the first phase of a long term plan for solar development at Teknor facilities. Beaumont Solar has been contracted to design and install the Solar PV system.

Applicant 7-107: Pawtucket Financial Corporation
505 Central Ave
Pawtucket, RI 02861
(401) 642-3232
www.teknorapex.com

Contact: Brian Wojtyna

Grant Request: \$22,500

Purpose: The design and installation of a 29.757 kW Solar Photovoltaic system at the Pawtucket Financial Corporation.

Sources and Uses:

Sources:		
RI Renewable Energy Fund	\$ 22,500	20%
Pawtucket Financial Corporation	\$ 90,000	80%
Total:	\$ 112,500	100%
Uses:		
Installation of a 29.757 kW solar photovoltaic system at Pawtucket Financial Corporation		

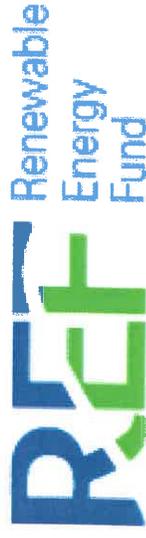
Application Summary:

Apex Warwick, Inc, an affiliate of the Teknor Apex Company, is seeking funding for the installation of a Solar PV system at its manufacturing facility located at 90 Mendon Ave. Pawtucket, RI. The Teknor Apex Company is a plastics manufacturing facility located in Pawtucket, RI. This company currently employs over 450 people, and has been doing business in RI since 1924.

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RI Renewable Energy Fund Projects for Approval

Presentation to RIEDC Board
October 28, 2013



*A Program of the Rhode Island
Economic Development Corporation*

Commercial Development Funding (10-50kW)

Summary: Round 3

- Deadline for application submission was 8/30/13
- Number of projects: 3
- Technology: solar electric
- Total kW: 77.514
- Total Project Costs: \$317,523.97
- Total REF Funds requested: \$63,504.79

Project Name: Belcourt of Newport, LLC

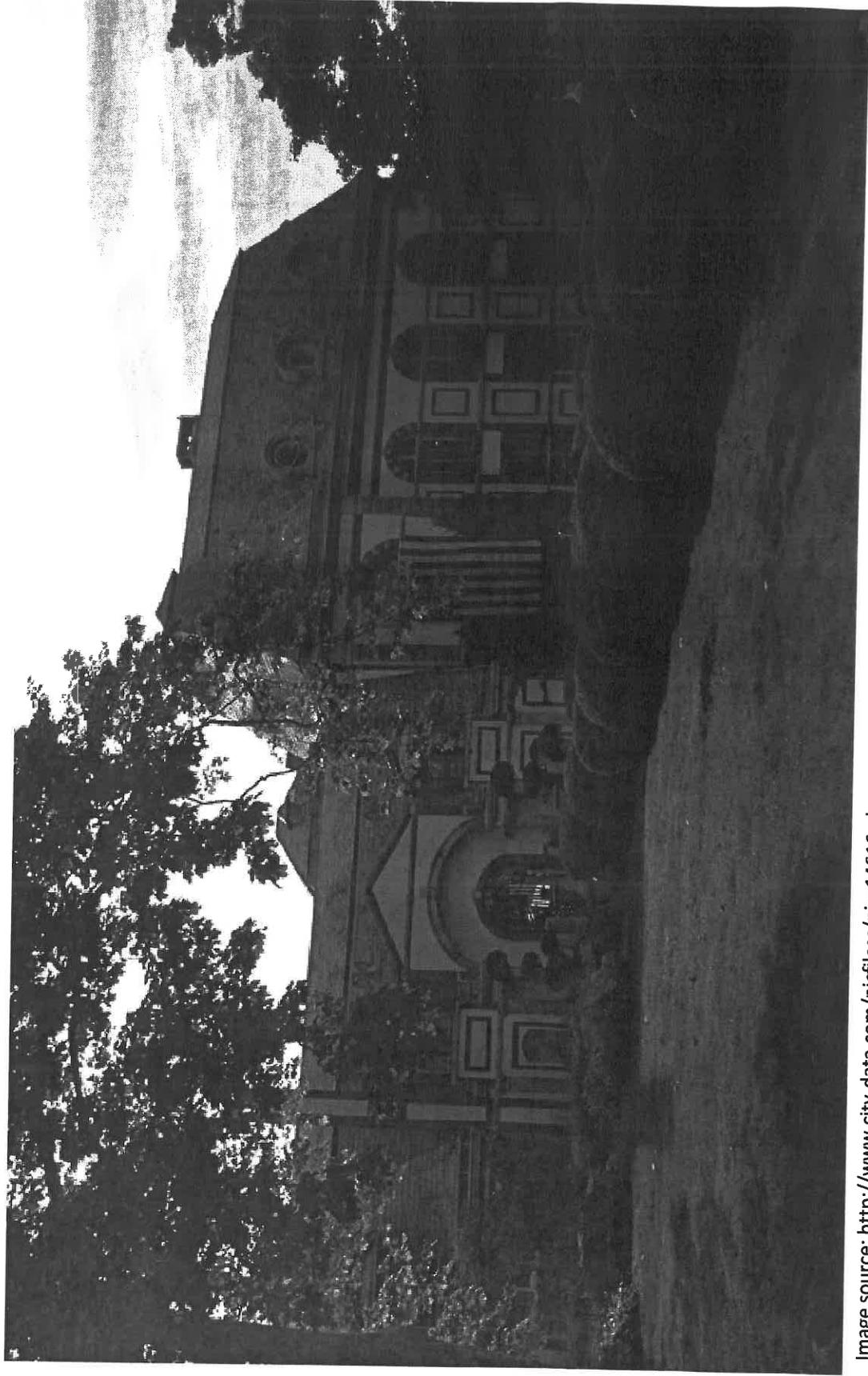
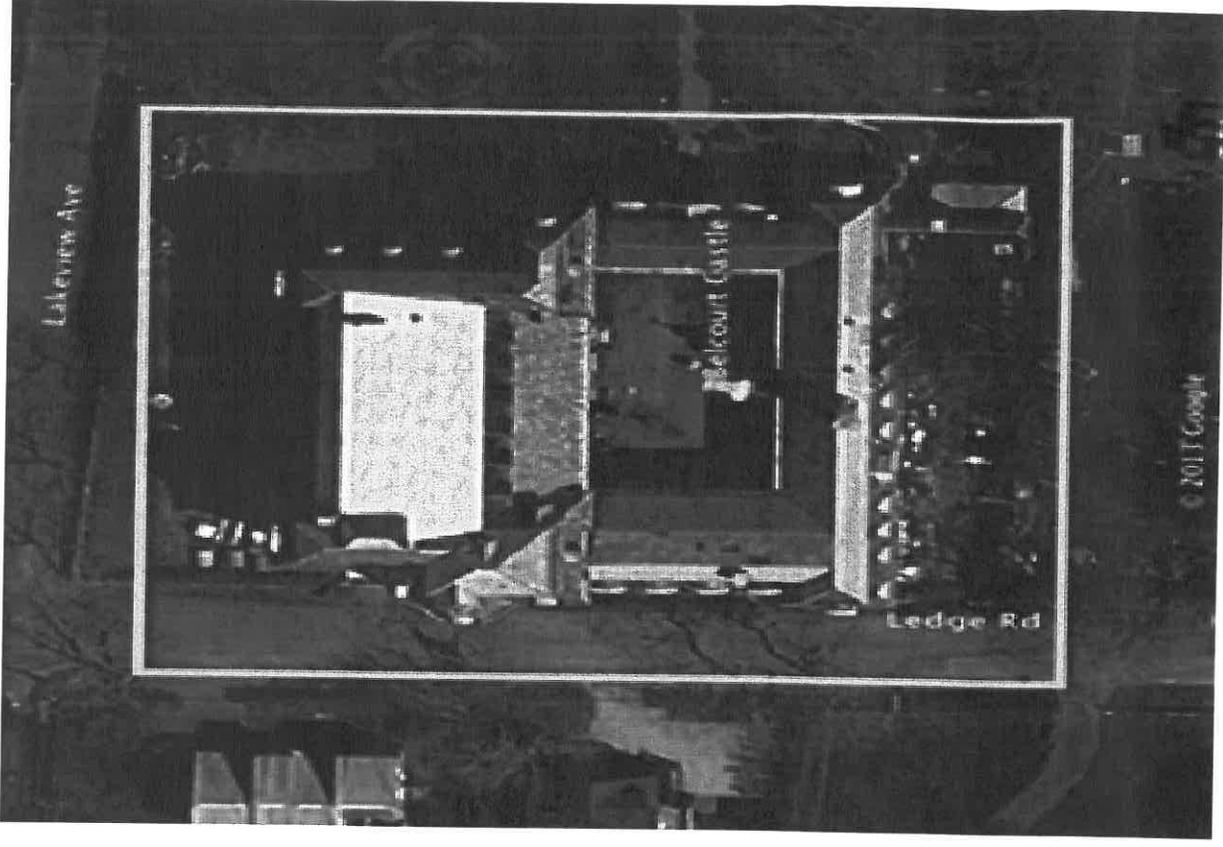


Image source: <http://www.city-data.com/picfiles/picc14616.php>

Belcourt of Newport

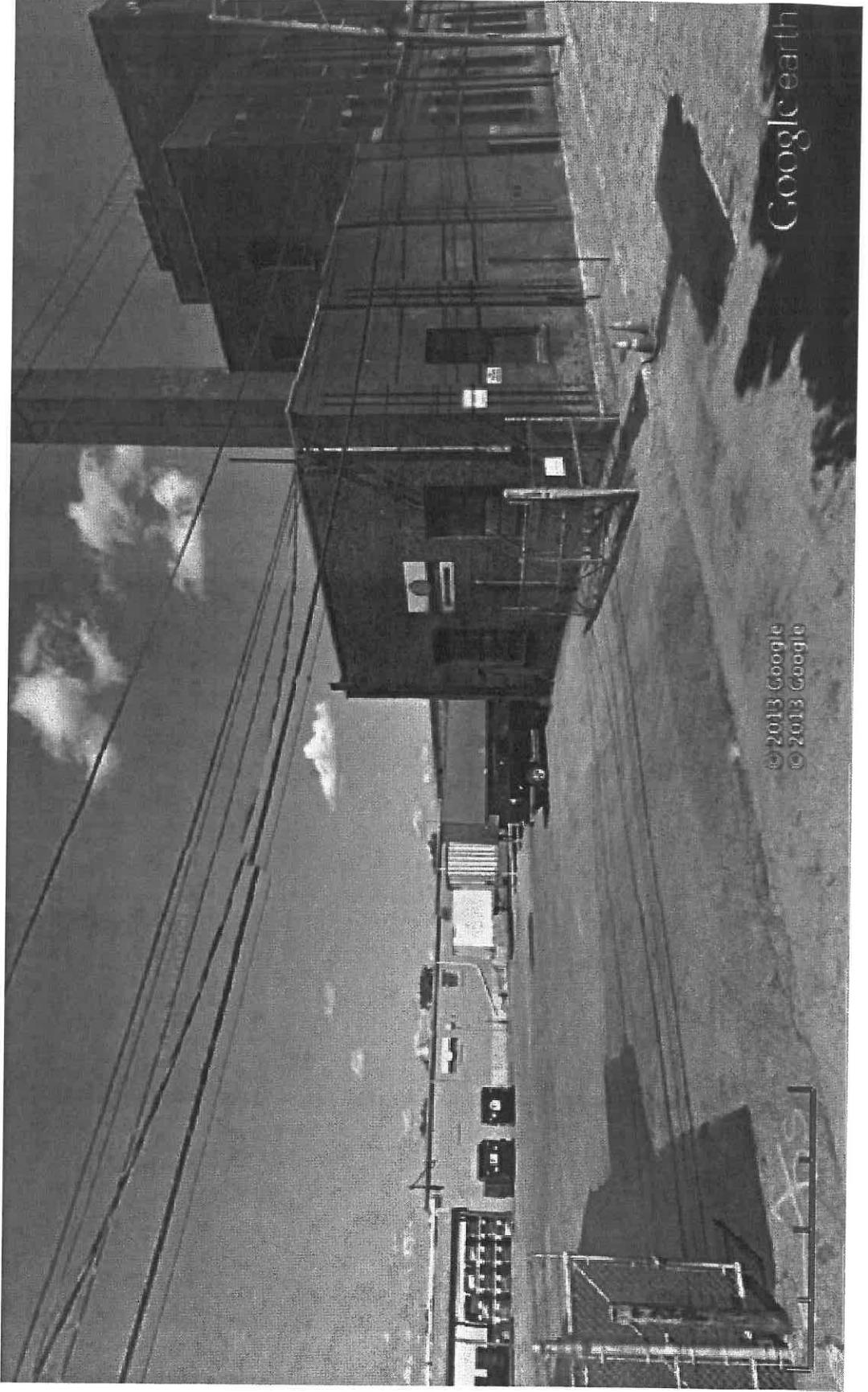
- System Size: 18 kW
- Technology: Solar Photovoltaic
- Project Cost: \$92,523.97
- Grant Request: \$18,504.79
- Company info: New event and production venue located in the Belcourt Castle
- Purpose:
 - To provide enough electricity to satisfy the demand of a geothermal heating and cooling system that will be installed on site
- Contractor: Newport Renewables (NPTR)



Belcourt of Newport



Project Name: Apex Warwick, Inc



Apex Warwick

- Project Size: 29.75 kW
- Technology: Solar Photovoltaic
- Project Cost: \$112,500
- Grant Request: \$22,500
- Company info:
 - Apex Warwick is an affiliate of Teknor Apex Co. located in Pawtucket
- Purpose:
 - This project will help reduce the electricity demands of Teknor Apex
- Contractor: Beaumont Solar Co.



Apex Warwick



APPROX. LOCATION OF PV ARRAY

APPROX. LOCATION OF ADVANCED ENERGY 35kW INVERTER

APPROX. LOCATION OF FUSED DISCONNECT SWITCH

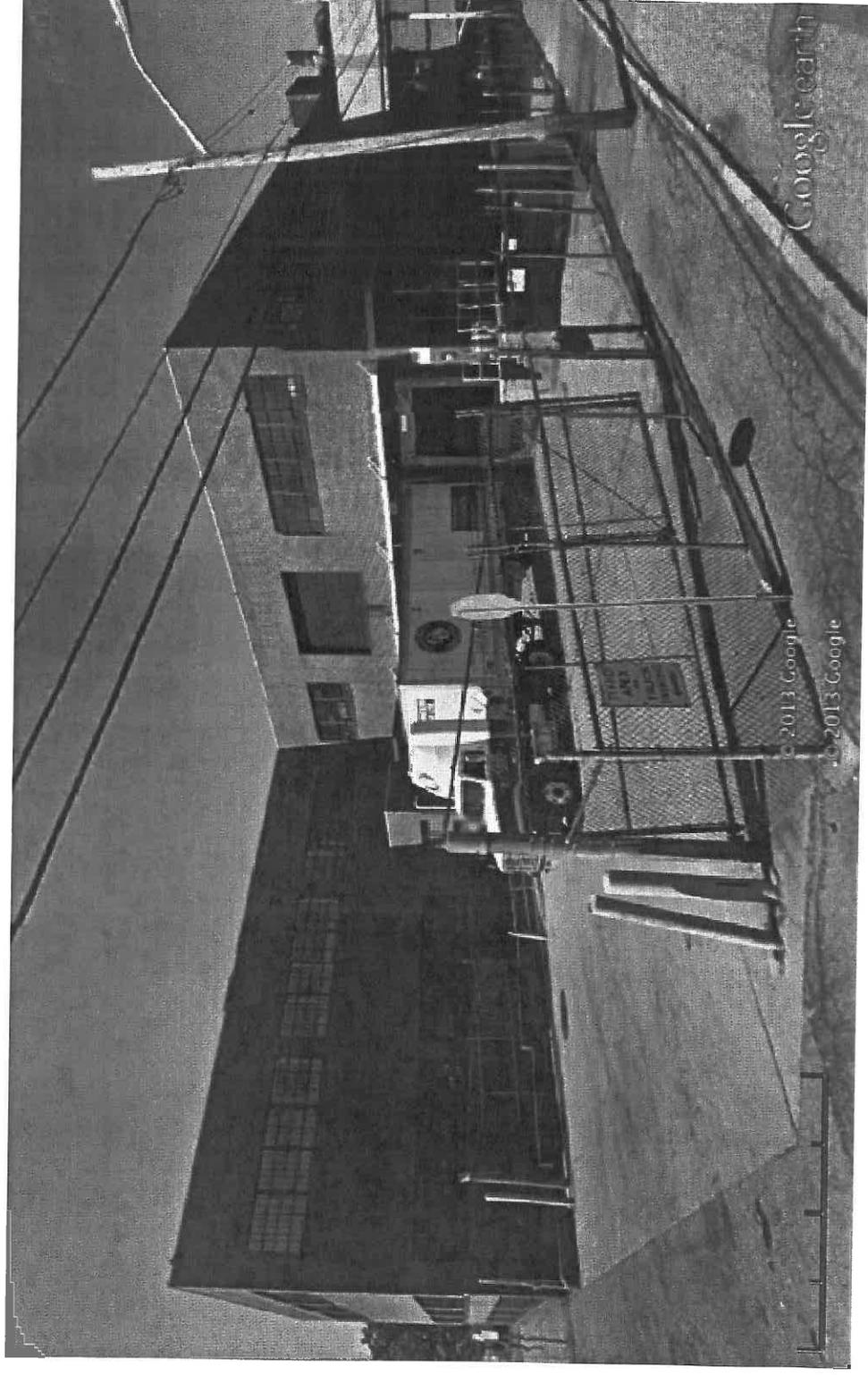
APPROX. LOCATION OF 250A MAIN SWITCHGEAR

APPROX. LOCATION OF UTILITY METER

APPROX. LOCATION OF UTILITY DISCONNECT SWITCH

APPROX. LOCATION OF 3 PHASE TRANSFORMER BANK ON UTILITY POLE

Project name: Pawtucket Financial Corporation

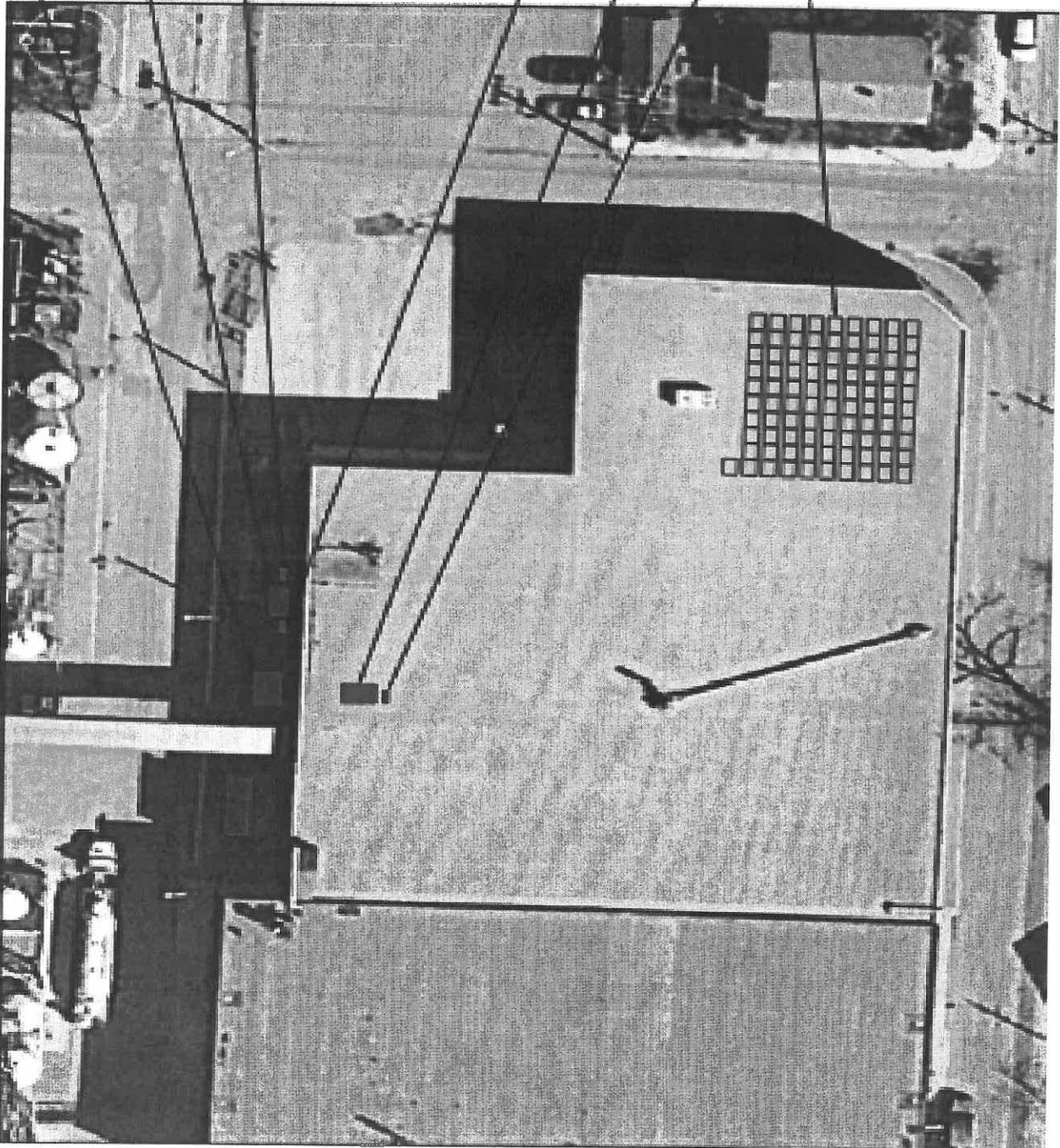


Pawtucket Financial Corporation

- Project Size: 29.75 kW
- Technology: Solar Photovoltaic
- Project cost: \$112,500
- Grant Request: \$22,500
- Company info: Pawtucket Financial Corp. is an affiliate of Teknor Apex located in Pawtucket
- Purpose:
 - This project will help reduce the electricity demands of Teknor Apex
 - Contractor: Beaumont Solar Co.



Pawtucket Financial Corp.



LOCATION OF 1500KVA 600V/13.8KV TRANSFORMER (4 (CUSTOMER OWNED))

APPROX. LOCATION OF ADVANCED ENERGY 35KW INVERTER

APPROX. LOCATION OF FUSED DC RE-COMBINER

APPROX. LOCATION OF UTILITY DISCONNECT SWITCH

APPROX. LOCATION OF 1600A MAIN SWITCHGEAR

APPROX. LOCATION OF FUSED UTILITY DISCONNECT SWITCH

APPROX. LOCATION OF PV ARRAY

Summary of 2013 Commercial Development Direct Funding Program

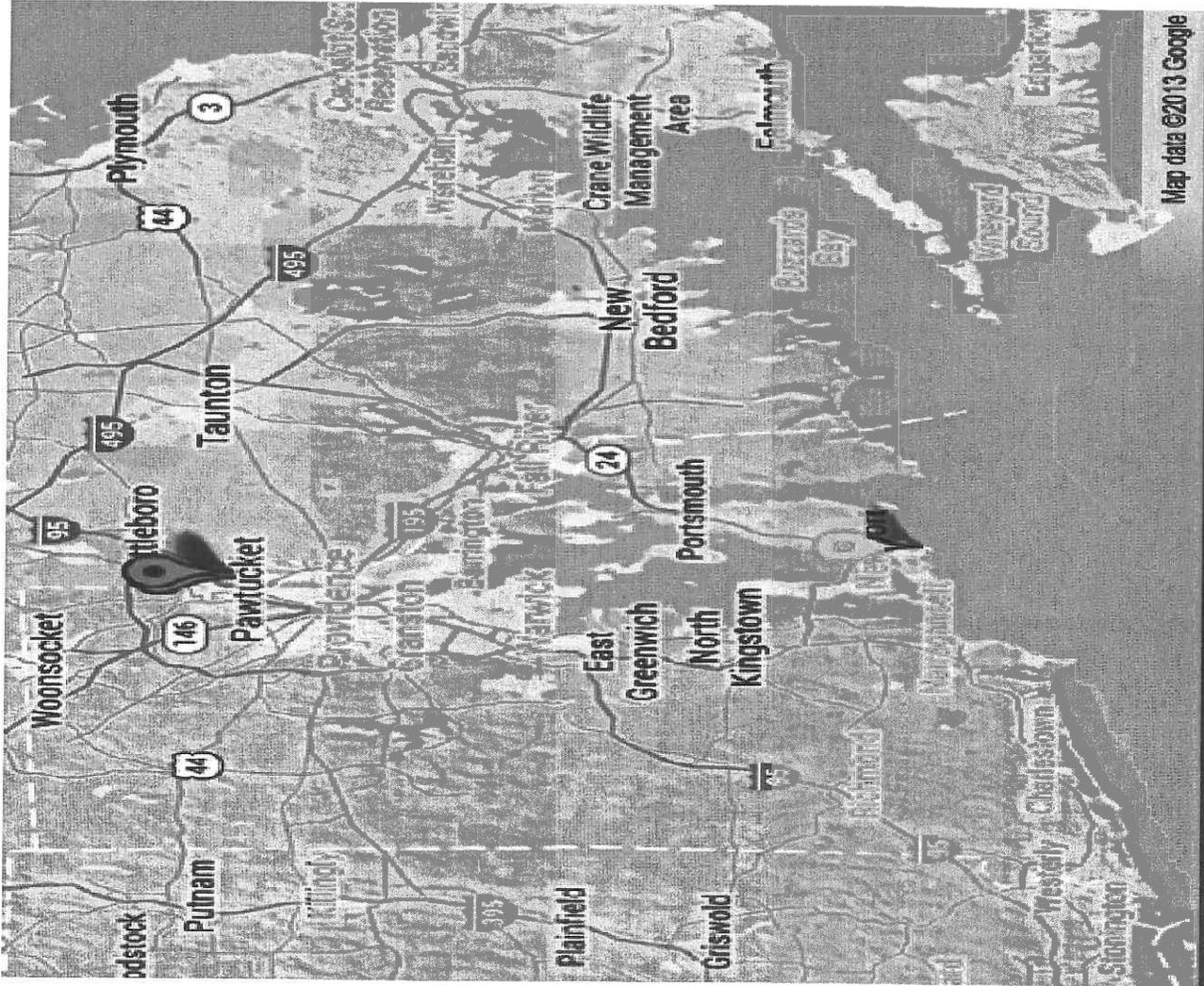
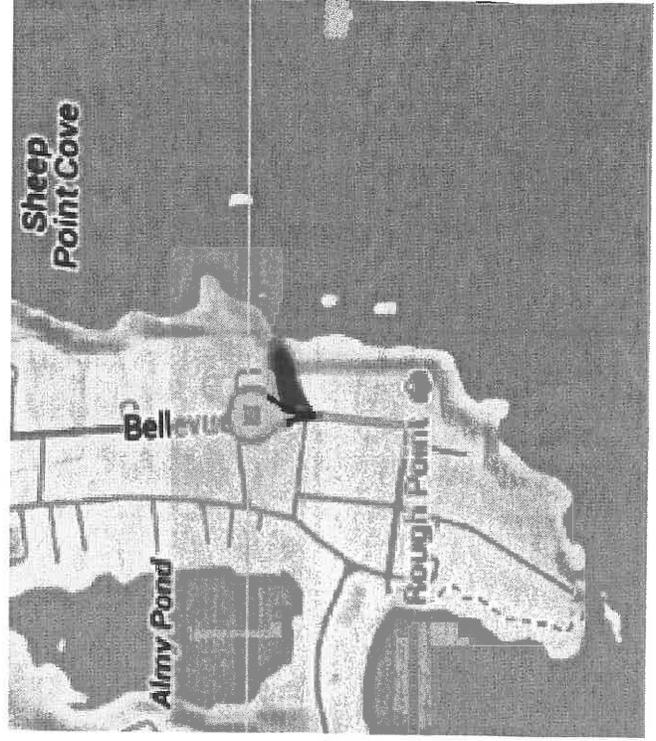
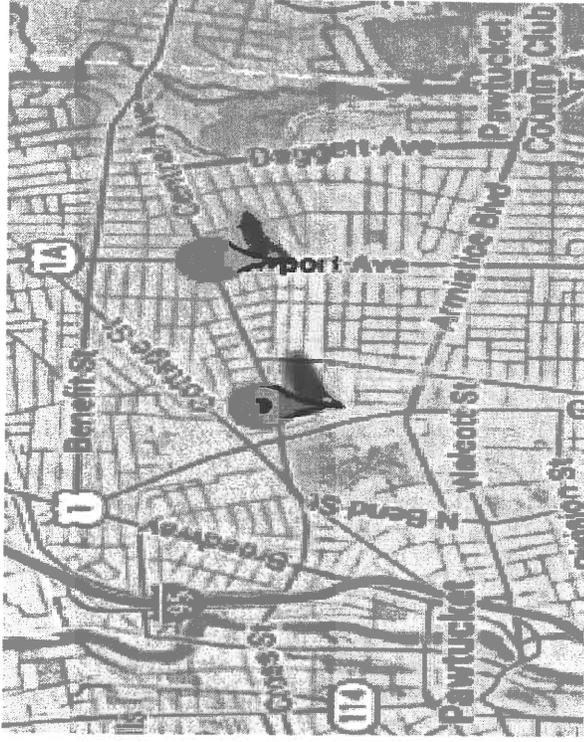
- Number of projects: 6
- Technology: Solar Photovoltaic
- Total kW: 185
- Total project costs: \$852,305.97
- Total REF funds: \$172,315.19

Summary of the Commercial Development Direct Funding program

2013 Renewable Energy Fund Summary of the Commercial Scale Direct Funding Program						
Project Name	Technology	Funding Round	Total kW	Total Cost	REP funding	# REC/year
Clem's Electric Company	Solar PV	1	32.76	\$136,952.00	\$27,390.40	37
National Security Corporation	Solar PV	1	32.759	\$141,250.00	\$28,250.00	TBD
RI Department of Education: Paul W. Crowley East Bay Met School	Solar PV	1	41.76	\$256,580.00	\$53,170.00	TBD
Summary: Round 1			107.279	\$534,782.00	\$108,810.40	>37
Belcourt of Newport	Solar PV	3	18	\$92,523.97	\$18,504.79	22
Apex Warwick, Inc	Solar PV	3	29.757	\$112,500.00	\$22,500.00	36
Pawtucket Financial Corporation	Solar PV	3	29.757	\$112,500.00	\$22,500.00	38.01
Summary: Round 3			77.514	\$317,523.97	\$63,504.79	96.01
Total: All projects			184.793	\$852,305.97	\$172,315.19	>229.02

Commercial Development





Map data ©2013 Google

Name

- 📍 Pawtucket Financial Corporation
- 📍 Apex Warwick
- 📍 Belcourt of Newport

EXHIBIT F

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

October 28, 2013

(With Respect to Renewable Energy Fund Matters)

WHEREAS, the Board of Directors has received information and a presentation regarding the following Renewable Energy Fund matters at its meeting held on October 28, 2013.

The request of Pawtucket Financial Corporation, a Teknor Apex Company, for a grant from the Renewable Energy Fund in the amount of \$22,500.00 in connection with a 30.00 kW Solar Photovoltaic Project; and

The request of Apex Warwick, a Teknor Apex Company, for a grant from the Renewable Energy Fund in the amount of \$22,500.00 in connection with a 30.00 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 Pawtucket Financial Corporation in the amount of \$22,500.00.

Section 2: The Corporation approves a Renewable Energy Fund grant award to Apex Warwick in the amount of \$22,500.00.

Section 3: 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 4: This Resolution shall take effect immediately upon passage by the Corporation's Board of Directors.

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

**CLOSED SESSION MINUTES
OF THE MEETING HELD ON
OCTOBER 28, 2013**

APPROVED

VOTED: To approve the Closed Session Minutes of the meeting of October 28, 2013, as submitted to the Board of Directors; and

VOTED: That the minutes of the Closed Session, 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 October 28, 2013 meeting.

Dated: November 21, 2013

TAB 2

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

NOVEMBER 21, 2013

**(With Respect to the annual audit of the Rhode Island Economic Development Corporation
completed by Lefkowitz, Garfinkel, Champi & DeRienzo)**

APPROVED

VOTED: To approve the annual audit of the Rhode Island Economic Development Corporation completed by Lefkowitz, Garfinkel, Champi & DeRienzo.

Dated: November 21, 2013

TAB 3

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

NOVEMBER 21, 2013

**(With Respect to the engagement of a consultant for services related to the U.S.
Department of Commerce EDA Planning Grant for a Manufacturing and Design Center)**

APPROVED

VOTED: To approve the engagement of a consultant for services related to the U.S. Department of Commerce EDA Planning Grant for a Manufacturing and Design Center, pursuant to the Resolution attached hereto.

Dated: November 21, 2013

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

November 21, 2013

**(With Respect to a consultant for services related to the U.S. Department of
Commerce EDA Planning Grant for a Manufacturing and Design Center)**

WHEREAS, the Rhode Island Economic Development Corporation (the "Corporation") wishes to engage a consultant for services related to the U.S. Department of Commerce EDA Planning Grant for a Manufacturing and Design Center, in an amount not to exceed \$150,000.

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

Section 1: Any two of the Chairman, Vice Chairman, Executive Director and/or Chief of Staff, acting in concert, shall have the authority to negotiate and execute such documents as are necessary to engage a consultant for services related to the U.S. Department of Commerce EDA Planning Grant for a Manufacturing and Design Center, in an amount not to exceed \$150,000.

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



RIEDC

Rhode Island
Economic Development Corporation

Building the 21st Century Innovation Economy

RI Design & Manufacturing Center

US EDA: Investing in Manufacturing Communities Partnership (IMCP)

John Riendeau

November 12, 2013

President Barack Obama on US Manufacturing

In his 2013 State of the Union Address, President Obama set forth an ambitious vision for the future of manufacturing in America. Pointing to the potential of new technologies, he said, “A once-shuttered warehouse is now a state-of-the-art lab where new workers are mastering the 3D printing that has the potential to revolutionize the way we make almost everything. There’s no reason this can’t happen in other towns.” Moreover, the President also set forth a vision for a new era in transatlantic trade, stating, “I am announcing that we will launch talks on a comprehensive Transatlantic Trade and Investment Partnership with the European Union – because trade that is free and fair across the Atlantic supports millions of good-paying American jobs.”

In keeping with the President’s vision for 21st century manufacturing and trade in America, the RI Design & Manufacturing Center will accelerate the resurgence in manufacturing and trade in Rhode Island.



RIEDC

Rhode Island
Economic Development Corporation

The History behind the Center

During the past year, a team of RI manufacturing support organizations – RIMA, RIMES, RIEDC and the Chafee Center at Bryant University – completed 2 important reports that are driving the creation of the Center and the strategic outcomes it will pursue:

- *Addressing Perceptions and Realities: The Rhode Island Manufacturing Renewal and Growth Program*
- *Rhode Island Manufacturing Renaissance Program: Manufacturing 1000 Survey Results*

These two reports set the rationale to create a Design & Manufacturing Center.



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Program and Budget

Consist of Three Primary Components:

- Manufacturing Design & Engineering and Market Analysis
- Technology Development and Application
- Workforce Training

The draft design of the Center is organized around three elements:

- Strategic Outcomes/Deliverables
- Users of the Center and the Uses
- Benefits to Users of the Center

Budget: \$200,000

- US EDA.....\$100,000
- RI EDC.....\$75,000 (\$25K Cash; \$50K In-kind)
- RI Foundation....\$25,000 (cash)



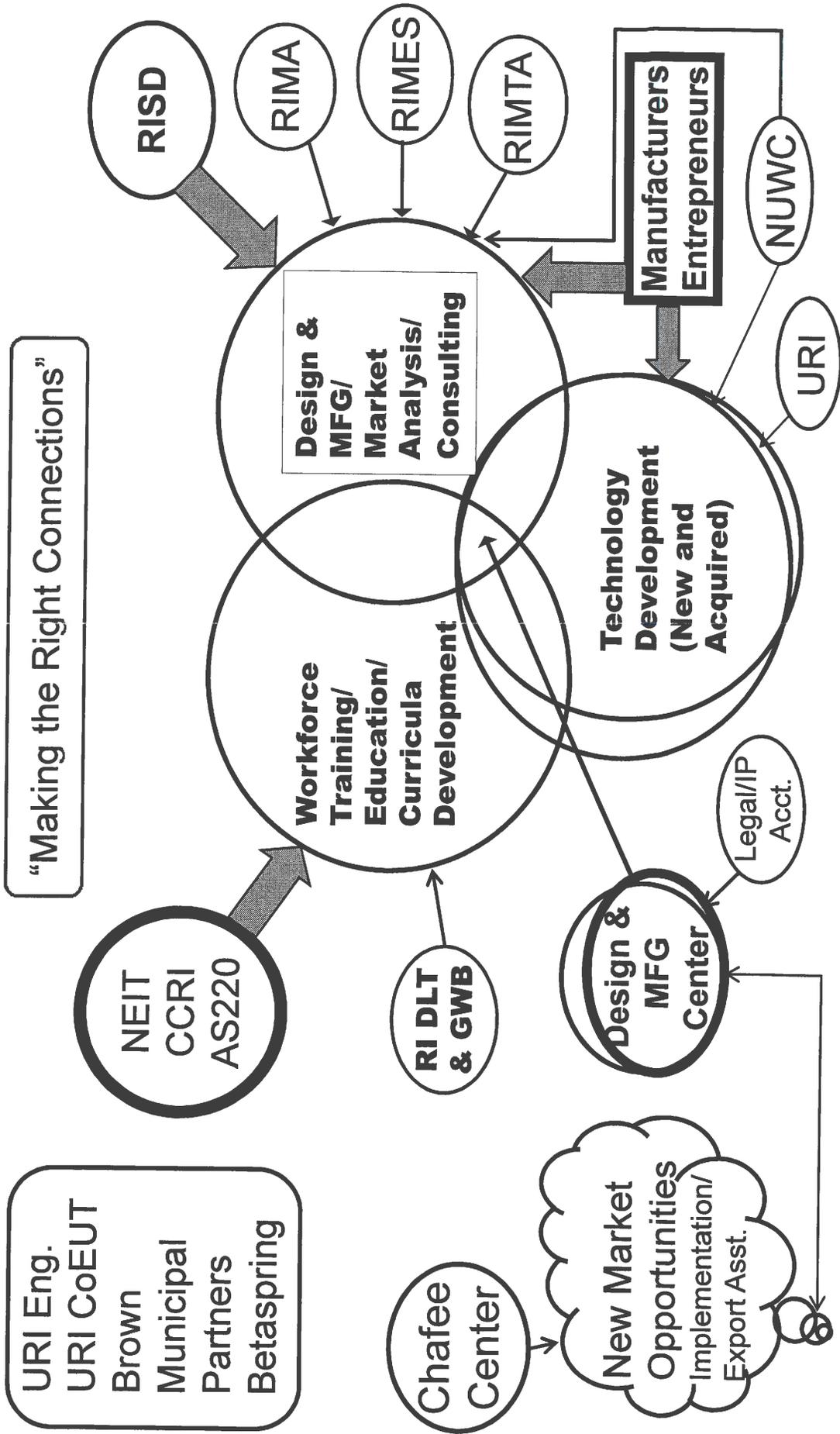
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Partners

- RI EDC to Facilitate the following Partners and others to come
- Manufacturing Infrastructure Partners
 - John H. Chafee Center for International Business, Bryant University
 - RI Manufacturers Association (RIMA)
 - RI Manufacturing Extension Service (RIMES)
 - RI Marine Trades Association (RIMTA)
- Research Partners
 - RI School of Design (RISD)
 - US Naval Undersea Warfare Center (NUWC)
 - University of Rhode Island (URI) – Engineering & Business
 - URI Center of Excellence in Undersea Technology (CoEUT)
- Workforce Training Partners
 - Community College of RI (CCRI)
 - RI Department of Labor & Training (RI DLT) & (GWB)
 - New England Institute of Technology (NEIT)
 - AS220

RI Design & Manufacturing Center



Economic Prosperity through company growth and job creation

Public and Private Sectors Closely Aligned – a SINGLE voice to Expand Manufacturing

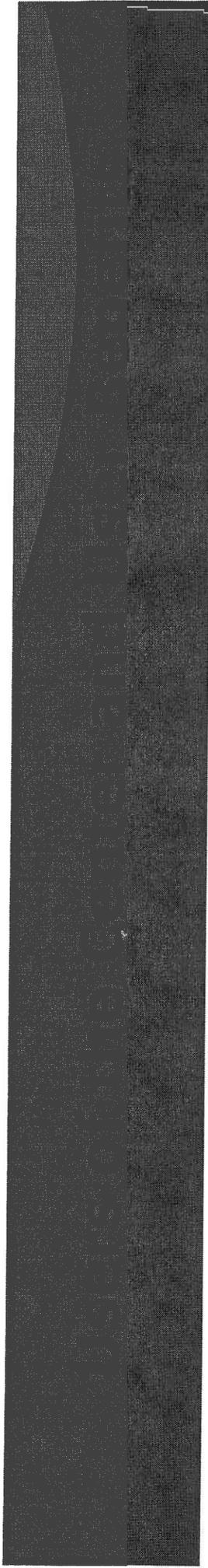
IMCP Plan of Work

TASKS outlined in the proposal:

- Secure Consulting Services to Complete the Plan
- Form and Facilitate the Steering Committee
- Identify Specific Users and Uses and Engage
- Finalize the Design of the Center
- Establish a Database and Metrics
- Finalize the Business Plan and Strategic Implementation Schedule

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- Primary Users of the Center

- Existing manufacturers
- New start-up manufacturers and entrepreneurs
- Designers at all levels (i.e.; RISD faculty and students)
- Resource providers of professional services
- Learners – high school to adults
- Future manufacturing workers

- Benefits to Users of the Center

- Professional services/resources
- Regional buying and selling in an online marketplace of products, components and raw materials
- Training and job opportunities for all ages
- Industry data and analysis
- Market intelligence and analysis
- New market opportunities, (i.e.; exporting)
- Advanced manufacturing technology resources
- Collaborative problem solving among manufacturers

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The proposed scope of work for this project includes 2 major work modules aligned with the program identified Tasks:

MODULE 1

- Determine market size and value proposition
 - Define, segment and size relevant sectors
 - Identify key drivers (materials/processes/technologies/product lifecycles)
 - Understand where and how design plays a role in creating competitive advantage
- Create a potential target profile(s)
 - How does product design and development work in these companies?
 - Service mix requirements (necessary and nice-to-have)
 - Fees
 - Utilization levels
- Determine positioning and role of the Center

MODULE 2

The Business Plan

- Create a business plan that will determine:
 - Market demand
 - Governance
- Business model
 - Virtual network and/or physical center(s)
 - Programming and price points
- Address future federal funding opportunities
- Capitalization & sustainability

Specific Requirements: Project Approach

The Consultant related to the previously outlined work modules will perform the following:

- Engage stakeholders
- Utilize existing resources and information
- Address uncertainty in the demand and revenue estimates
- Gain actionable insights from potential customers for the purposes of creating the programming and price points
- Timeframe

Consultant Capabilities and Experience

- Demonstrate understanding of product development processes
- Demonstrate understanding of manufacturing and policies related to support manufacturing
- Market sizing and segmentation experience
- Business planning experience

Critical Element and Goal:

- The information and analysis created in the business planning phase must be sufficient to support a competitive EDA grant (i.e.; EDA Phase II funding). The consultant will work with the EDA and the RIEDC and its partners to ensure that the appropriate information is provided.

● Next Steps:

- Designate the Steering Committee – volunteers?
- Secure the consultant (s) from the EDC contractors' already vetted for the project
- Identify the schedule and timelines for proposed work
- ID research activity for the AICU and its Fellows working with the Consultant
- Establish media plan with EDC Communications Department and Steering Committee

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RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
PUBLIC NOTICE OF MEETING

A meeting of the Rhode Island Economic Development Corporation Board of Directors will be held at the offices of the **Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island**, on **Thursday, November 21, 2013**, beginning at **5:00 p.m.** for the following purposes:

PUBLIC SESSION

1. To consider for approval the Public and Executive (Confidential) Session Minutes for the meeting held on October 28, 2013.*
 2. To consider, as may be appropriate, matters covered in the Executive Director's Report.
 3. To receive and discuss a status update with respect to the I-195 Commission.
 4. To consider for approval the annual audit of the Rhode Island Economic Development Corporation completed by Lefkowitz, Garfinkel, Champi & DeRienzo.
 5. Signing of an Executive Order for the Rhode Island State Sailing Commission.
 6. To receive a presentation regarding the proposed rules changes for the Renewable Energy Fund.
 7. To authorize the engagement of a consultant for services related to the U.S. Department of Commerce EDA Planning Grant for a Manufacturing and Design Center, in an amount not to exceed \$150,000.
- * 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 Tuesday November 19, 2013, at the Office of the Rhode Island Economic Development 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 Economic Development 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: November 19, 2013