



RIEDC

Rhode Island
Economic Development Corporation



Helping Rhode Island Businesses Grow and Succeed

FISCAL YEAR 2012 PERFORMANCE REPORT

July 1, 2011 - June 30, 2012 with FY 2013 updates

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Lincoln D. Chafee
Governor

OFFICE OF THE GOVERNOR



May 2013

My vision for economic development is straightforward, deliberate, and methodical. To continue to improve the Rhode Island economy, we must ensure the vitality of our education system, our infrastructure, our workforce development programs, and our cities and towns. We must commit to investing in those key areas and engage the private sector as partners in our efforts.

The role of government is not to create jobs, but to create the right environment for companies to grow and hire more workers. I have stressed that we must refocus the Rhode Island Economic Development Corporation (RIEDC), create a comprehensive strategic approach for economic development, coordinate workforce development initiatives, implement a customer service and business-friendly tax and regulatory environment, and build on our assets and enhance our infrastructure.

My administration is doing just that. With the help of a \$1.9 million Sustainable Communities grant from the U.S. Department of Housing and Urban Development, we are in the process of developing a comprehensive, statewide plan that lays out a clear blueprint for economic development, housing, and land use in Rhode Island. We are establishing and strengthening career pathways to good, meaningful jobs for Rhode Islanders. We have expedited a review of each and every regulation in the state to determine which ones are most harmful to small business growth. Finally, we are promoting our tourism activities to a wider audience and bolstering our marketing efforts to draw even more visitors to beautiful Rhode Island.

At my direction, the RIEDC has refocused and realigned its priorities. The agency is more customer-centric and has turned inward to help existing Rhode Island companies grow and expand, while working to attract new businesses to our state. As you will see in the following performance report, Amica has conducted two trainings for RIEDC staff to improve its customer service. RIEDC staff are putting their boots to the ground and visiting businesses across the state to learn about their needs and to inform them of programs available to them. A new portfolio manager has been assigned to oversee all RIEDC financial programs, and we have instituted a compliance review by the Department of Business Regulation's bank examiners.

The following performance report for fiscal year 2012 and highlights so far from fiscal year 2013 outlines dozens of programs, partnerships, and process improvements at RIEDC that are moving our state in the right direction.

With a new Executive Director of RIEDC and a new Board of Directors, I am confident that we have the leadership, the will, and the vision to improve our economy.

Lincoln D. Chafee
Governor
Chairperson, RIEDC Board of Directors

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RIEDC: Helping Rhode Island Businesses Grow and Succeed

The Rhode Island Economic Development Corporation (RIEDC) assists businesses by connecting them to the tools and resources they need to grow and succeed in Rhode Island. Through a wide range of programs and services, and a statewide network of resource partners, the RIEDC works with small business owners, entrepreneurs, and company leaders across all industries to help them start, grow, or relocate their businesses in Rhode Island.

Under the leadership of the Governor and its Board of Directors, RIEDC also works closely with state agencies, municipalities, the General Assembly, and the private sector to continue to help build a competitive business climate where Rhode Island companies can succeed and create jobs.

RENEWED FOCUS

While much has been analyzed and debated about RIEDC over the past year, we are certainly incorporating the lessons learned. Under Governor Chafee's leadership as Chairman of the RIEDC Board of Directors, the RIEDC has already taken concrete action steps to make the state's official economic development organization more responsive to the needs of Rhode Island businesses so they can grow and succeed.

Governor Chafee ordered an extensive review of RIEDC priorities and functions, which took place during the summer of 2012. Based on the results of the review, the RIEDC has been implementing changes and new initiatives to improve internal operations, client services, and increase efficiency.

FY 2012 HIGHLIGHTS

Governor Chafee ordered an extensive review of RIEDC priorities and functions in the summer of 2012. Based on the results of the review, the RIEDC has been implementing changes and new initiatives to improve internal operations, client services, and increase efficiency.

RIEDC provided access to \$28.5 million in capital through the following financing and grant programs:

- \$23.9 million in small business and bond financing for 29 Rhode Island businesses;
- \$3.2 million to support 11 renewable energy projects in Rhode Island through the Renewable Energy Fund (REF); and
- \$1.4 million in research grants to Rhode Island higher education institutions, hospitals, and companies through the Science and Technology Advisory Council (STAC).

RIEDC played a lead role in helping Rhode Island to host the 2012 America's Cup World Series which resulted in:

- \$38.2 million for Rhode Island businesses;
- 345 jobs with an income of \$12 million; and
- \$2.5 million in general state tax revenue.

In June 2011, the RIEDC worked with the Governor's Office and the Rhode Island Department of Administration to complete the state's successful application for \$13.1 million in federal grant funds to help finance small businesses.

FY 2012 HIGHLIGHTS

Under Governor Chafee's leadership, the RIEDC Board approved new rules and regulations for the Job Creation Guaranty Program, capping the amount of loan guarantees available under the program at \$10 million for any single project.

The Rhode Island Procurement Technical Assistance Center (PTAC) at the RIEDC assisted more than 400 businesses in obtaining over \$134 million in Federal, state and local government contracts, which directly "created or retained" 2,683 Rhode Island jobs.

RIEDC and the Governor's Office conducted a series of 12 Community Business Outreach Forums throughout the state covering 14 communities.

Over 1,500 business people attended international trade training seminars through programs offered by RIEDC international trade staff and the John H. Chafee Center for International Business at Bryant University.

RIEDC and the Chafee Center organized outbound trade missions for Rhode Island company representatives to Japan in May 2012 and Israel in November 2011.

The Office of Regulatory Reform (ORR) made great strides with a targeted approach to systematically achieving baseline metrics, developing corrective action plans, and identifying best practices.

To guide these new initiatives, the RIEDC has set three goals:

- 1) Ensure that the primary mission of the agency is to help Rhode Island companies stay in business and grow, and to help promote a culture of entrepreneurship that will support the development of high growth ventures.
- 2) Become a more client-centric agency that will better respond to businesses and connect them to RIEDC and other statewide resources that can help them grow and succeed.
- 3) Create, foster, and effectively manage partnerships with public and private entities to extend the range of services available to businesses through the RIEDC.

Combining these three components, the RIEDC has the opportunity to be the access point of choice for businesses seeking capital and/or technical assistance that will facilitate economic growth and job creation.

PRIORITIES: RESPONSIVENESS TO BUSINESS, TRANSPARENCY AND COLLABORATION

Over the past year, the RIEDC has made process and policy changes, realigned staff, upgraded technology infrastructure, and built new partnerships to make the organization more responsive to businesses, more transparent, and a truly collaborative partner with economic development stakeholders across the state. The RIEDC has focused on developing sound fundamentals to provide the kinds of services that can help businesses succeed and create quality jobs for Rhode Islanders.

To focus more effectively on business outreach and customer service, RIEDC has assembled a Client Services team to quickly help businesses by bringing all available RIEDC and statewide resources to their assistance. The RIEDC has also worked with the Governor's Office to conduct a series of Community Business Outreach Forums throughout the state. The forums provide an opportunity for state and local officials to hear from small businesses and discuss ways to help them succeed, grow the economy, and create jobs for Rhode Islanders.

As part of Governor Chafee's ordered review of the RIEDC, Department of Business Regulation (DBR) Bank Examiners completed a compliance review of RIEDC financing programs. RIEDC is now implementing recommendations aimed at creating a more consistent, transparent, and auditable process. Also, the RIEDC Board approved new rules and regulations for the Renewable Energy Fund (REF) in December 2012 which provide enhanced structure and transparency to the fund.

FY2013 HIGHLIGHTS through April

RIEDC provided access to \$49.8 million in capital through the following financing and grant programs:

- \$3.4 million in small business and bond financing to seven Rhode Island businesses;
- \$38.4 million in RIEDC bond financing for the purchase and development of the I-195 surplus land;
- \$7.5 million in RIEDC bond financing on behalf of the Quonset Development Corporation (QDC) for a dredging project at the Port of Davisville;
- \$462,675 to support nine renewable energy projects in Rhode Island through the Renewable Energy Fund (REF); and
- \$100,000 RIEDC grant to help establish the Rhode Island Higher Education Research Collaborative to develop sound public policy research, and facilitate fact-based decision-making to grow our economy.

Building on the success of the 2012 America's Cup event, Governor Chafee and the RIEDC successfully promoted Newport as the only U.S. stop for the Volvo Ocean Race in 2014-15.

As part of Governor Chafee's ordered review of the RIEDC, Department of Business Regulation (DBR) Bank Examiners completed a compliance review of RIEDC financing programs. RIEDC is implementing recommendations aimed at creating a more consistent, transparent, and auditable process.

The RIEDC Board approved new rules and regulations for the Renewable Energy Fund (REF) in December 2012 which provide enhanced structure and transparency to the fund.

RIEDC partnered with Amica Insurance to provide customer service training for staff to help them better meet the needs of Rhode Island businesses.

In February 2013, the RIEDC's newly established Client Services Team initiated an ex-

tensive outreach program to Rhode Island businesses. As of April 26, 2013, the team has held 245 meetings with businesses.

RIEDC partnered with the Rhode Island Department of Labor and Training (DLT) to implement a joint "business surge" program that brings staff from each agency to visit with individual businesses.

RIEDC joined with the Rhode Island Division of Planning to coordinate an economic data and business climate analysis as part of the state's Sustainable Communities initiative to create a statewide economic development plan.

RIEDC partnered with the John H. Chafee Center for International Business at Bryant University, the Rhode Island Manufacturing Extension Services, and the Rhode Island Manufacturers Association in a campaign of advocacy and technical assistance to help the largest 1,000 Rhode Island manufacturers meet their growth needs.

RIEDC formalized a partnership with the Community Partnerships Center at Roger Williams University to accelerate urban initiatives, starting with community projects in Providence and Woonsocket.

RIEDC and the Chafee Center organized outbound trade missions for Rhode Island company representatives to Canada, the Dominican Republic, and Panama in September 2012, Germany in November 2012, and Mainland China and Hong Kong in April 2013.

The Tourism Division launched a new brand, completely updating the look and functionality of its website, Visitrhodeisland.com, with the statewide "Discover Beautiful Rhode Island" promotional campaign.

TUNSTALL / AMAC RELOCATION



In October 2012, Long Island City, N.Y. - based Tunstall Americas chose to relocate its data and medical call center operations to Rhode Island and is expected to create 250 jobs in the state. Tunstall has now opened its new call center in Pawtucket. Rhode Island was one of four states under consideration for the site relocation.

With coordination through the Governor's Office, the RIEDC, City of Pawtucket, Rhode Island Department of Labor and Training, Governor's Workforce Board, and the Community College of Rhode Island worked in close partnership to meet Tunstall's relocation needs by assembling a workforce development package to help the company attract, train and retain employees at its new Rhode Island facility.

To help expand the range of services offered through the RIEDC, the organization has focused on developing strategic partnerships with the public, private, and non-profit sectors. Strong partnerships will help the RIEDC to best coordinate shared resources to achieve better results for Rhode Island.

The RIEDC and the Rhode Island Division of Planning are part of a group of state, municipal, and non-profit partners developing a comprehensive plan for the state that integrates economic development, transportation, housing, and land use.

The RIEDC has helped to create a Higher Education Research Collaborative to tap into some of the brightest minds and best talent in Rhode Island to develop sound public policy research, and facilitate fact-based decision-making to grow our economy.

As part of the urban initiatives, the RIEDC has also entered into a formal partnership with Roger Williams University to support business growth and community revitalization efforts, starting with projects in Providence and Woonsocket.

Over the past two fiscal years, the RIEDC has provided access to more than \$78 million in capital to assist businesses, institutions, municipalities and to help develop vital infrastructure projects. To benefit Rhode Island communities and companies, the RIEDC is also leveraging nearly \$30 million in federal grants, including the RIEDC's Broadband Rhode Island initiative, the Rhode Island State Small Business Credit Initiative, a federal grant to promote the Warwick Station Development District and federal funds to strengthen port and undersea security.

All of the RIEDC's efforts over the past year – both internal and external – are geared toward refocusing and re-energizing this agency to take on the challenge of helping Rhode Island companies stay in business and grow.

RIEDC: Developing and Marketing Infrastructure

Building on our existing economic assets and enhancing our infrastructure is a key component of Governor Chafee's economic development priorities. The continued development and marketing of our infrastructure assets is vital to Rhode Island's economic expansion and competitiveness and is something that the RIEDC has been working on with our state, municipal, and private-sector partners to accelerate.

PROVIDENCE KNOWLEDGE DISTRICT AND I-195 COMMISSION

Located in the heart of Rhode Island's capital city, the Knowledge District is where the redevelopment of prime property – made available from the I-195 highway relocation – is at the cross roads of top-notch universities, hospitals, research institutions, and entrepreneurs.

RIEDC is a strategic partner with the I-195 Redevelopment District Commission, which was established by Governor Chafee and the Rhode Island General Assembly in 2011 to guide and oversee the thoughtful and planned economic development of the land opened up by the relocation of I-195.

Since being established, the I-195 Commission has met important milestones. The building blocks are now in place to prepare the land for the next phases of marketing and development.

By building upon existing infrastructure and surrounding higher education, medical, and research institutions, the I-195 Commission is capitalizing on this historic opportunity to accelerate economic growth and generate job creation opportunities.

Close to Downtown Providence and desirable neighborhoods, the 21 buildable acres, highly flexible zoning to support 2 - 3 million square feet of new construction, and more than 20 acres of urban parks, open spaces, and pathways, will create a highly desirable and vibrant area in which to live, work, and play.

I-195 Commission Highlights

Working in collaboration with the RIEDC, Rhode Island Department of Transportation (DOT), Rhode Island Department of Environmental Management, Coastal Resources Management Council, City of Providence and the private sector, the Commission has grown its list of key accomplishments to include:

- Completion of the land transfer process from the state to the I-195 Commission.
- Selection of Jan Brodie as the first I-195 Commission executive director.
- Commencement of infrastructure work focused on roadways west of the Providence River. (Reconstruction of roads east of the Providence River in the area of the old highway corridor is expected to begin in summer 2013.)
- Reduction of the permitting timeline for potential buyers by up to 18 months, making the parcels more marketable and attractive to investors.
- Modification of the parks plan to create the potential for 300,000-400,000 square feet of new building, while establishing more dynamic open space and maximum use of available land.
- The planned relocation of an above-ground electrical transmission line bisecting certain parcels, which frees the space for its highest development potential.
- Formation of a public art selection committee to procure a significant and iconic public art piece representing the district and the city.
- Working with DOT and area utilities to test and expand utility capacities.



LOCATED ADJACENT TO INTERSTATE 95, THE INTERLINK TRANSPORTATION HUB IS DIRECTLY CONNECTED TO T. F. GREEN AIRPORT AND COMBINES MULTIPLE TRANSPORTATION FUNCTIONS.

WARWICK STATION DEVELOPMENT DISTRICT

The Warwick Station Development District (WSDD) is where planes, trains, and ground transport come together to form an intermodal gateway to Rhode Island and New England. This is an ideal place to create a mixed-use, transit-oriented development and growth center situated along the high-traffic Northeast Corridor.

The WSDD Master Plan, developed and adopted by the City of Warwick, establishes a clear vision for the design and further build-out of one of the region's key commercial and transportation hubs. Capitalizing on existing transportation assets, Warwick Station offers hospitality, flexible office, retail, and residential development opportunities.

Market Analysis, Branding, Marketing Highlights

In 2012, the Rhode Island Department of Transportation (DOT), in partnership with the RIEDC and City of Warwick, applied for a Transportation Community System Preservation grant from the Federal Highway Administration and subsequently received \$400,000 to promote Warwick Station.

The RIEDC, DOT and the City of Warwick then formed a Working Group to coordinate the implementation of the grant. The RIEDC was selected as the managing partner for the award. This consisted of drafting and issuing a Request for Proposals (RFP), which ultimately led to the selection of two consultants to conduct market analysis and develop a branding and marketing strategy for the WSDD.

In January 2013, RIEDC and its partners awarded contracts to the BETA Group, Inc., of Lincoln, R.I., and add(ventures) of Providence, R.I., in response to the RFP for a market analysis and a branding and marketing plan for the WSDD.

The RFP outlined three tasks the bidding firms would need to complete.

Market segmentation: A market segmentation analysis is the first task, which was awarded to the BETA Group. BETA Group will identify industry sectors and users that will best capitalize on the existing intermodal infrastructure as part of a mixed-use, transit-oriented development and growth center and define the unique selling points to these industries to meet their customized needs. The BETA Group team started work on their part of the project in January 2013 and provided a draft report in March.

Brand Identity/Place Making: (add)ventures was awarded the contract to facilitate public outreach to bring together multiple stakeholders to identify factors that will influence the development of a successful brand and market identity for Warwick Station.

Direct Marketing Plan: (add)ventures will also develop and implement a direct marketing plan based on the findings from the first two tasks.

RHODE ISLAND PORT ASSETS

Rhode Island's long history of excellence in maritime activities provides opportunity to coordinate and maximize our commercial/industrial port assets at the Port of Davisville located at the Quonset Business Park; ProvPort and the Greater Providence port terminals; commercial fishing at Galilee; and tourist/recreational activities at Newport.

RIEDC has worked closely with the Port of Providence to help modernize the port by bringing in two new state-of-the-art mobile harbor cranes. The cranes are part of a \$20-million enhancement project funded by a federal TIGER II grant, secured by the Rhode Island Congressional delegation, and private investment by the non-profit ProvPort.

In June 2012, the RIEDC Board approved a \$7.5-million bond on behalf of the Quonset Development Corporation (QDC) for a dredging project at the Port of Davisville that will allow for increased activity at the port.

Rhode Island has an opportunity to collaborate more closely on joint marketing of unique port assets, including the ports of Davisville, Galilee, and Newport, to bring in new business, and create high-paying jobs.

RIEDC has been supporting the newly established Rhode Island Port Policy Summit that is working to focus on port related issues.

Quonset: Record-Breaking Year for Auto Imports



In January 2013, Governor Chafee joined with state officials and local business leaders to announce that the Port of Davisville at Quonset Business Park had a record-breaking year for automobiles imported by ship.

In 2012, more than 172,000 automobiles were imported at the Port, with another 41,000 autos coming by rail and 2,300 coming by truck. Vehicles arriving at the Port of Davisville are processed, finished and distributed across the country by North Atlantic Distribution, Inc. (NORAD), a long-time Quonset tenant. The figures reflect a 14-percent increase over 2011's record-breaking numbers.

The Port is a key component of the Quonset Business Park, which is already considered one of the premiere business parks in New England and one of the largest in the Northeast. The Port of Davisville is the seventh-largest auto importer in North America.

America's Cup at Fort Adams



Photo courtesy of Billy Black Photography

For the first time in nearly 30 years, America's Cup racing returned to the Ocean State in the summer of 2012. RIEDC, in collaboration with the Rhode Island Departments of Administration, Environmental Management, Labor and Training, and Rhode Island's America's Cup World Series Host Committee, coordinated a successful world-class sailing competition at Fort Adams State Park in Newport in June/July 2012.

Additionally, the Small Business Ombudsman in the Office of Regulatory Reform was tasked with securing all licensing and permitting for the two-week event. The Small Business Ombudsman remained onsite during the event to assist with any issues that came up during the event from public safety to daily operations.

The immediate economic impact* resulted in approximately:

- \$38.2 million for Rhode Island businesses
- 345 jobs with an income of \$1 million
- \$2.5 million in general state revenue

RIEDC: Partners in Success

The RIEDC is focusing its resources on keeping businesses in Rhode Island and helping them grow by providing a high level of customer service. One of the ways the RIEDC is improving customer service is through strategic partnerships which are enabling the agency to offer a wider range of services to the business community and to help build an attractive business climate in Rhode Island.

Based on an extensive review of RIEDC priorities and functions in the summer of 2012, agency management identified partnership development as a top area of focus that will be critical to the agency's future success. RIEDC set a goal to create, foster, and effectively manage partnerships with public and private entities to extend the range of services available to businesses through the RIEDC.

RIEDC has begun an assessment of existing partners and discussions have already begun about how best to coordinate our shared resources to achieve better results for Rhode Island.

New Partnership Formation

"BUSINESS SURGE" PARTNERSHIP WITH DLT

Members of the RIEDC's Client Services team joined with RIEDC Business Development staff to conduct joint "business surges" with the Rhode Island Department of Labor and Training (DLT). Starting in October 2012, staff from each agency conducted joint visits with individual businesses around the state. Surges are based on geographic areas and started with businesses in Warwick in October and have moved to Cranston with additional communities being added in 2013. The meetings allow staff to hear first-hand about the issues impacting businesses and inform them about programs available to help them meet their growth needs.

*Source: Large Marine Events Benefits Assessment Modeling Report by Planning Decisions, Inc., 2013

SUSTAINABLE COMMUNITIES

The RIEDC is proud to be part of a major statewide initiative aimed at improving the economy and quality of life for all Rhode Islanders. Under Governor Chafee's leadership, the RIEDC, and the Rhode Island Division of Planning's Statewide Planning Program – as part of a group of 19 state, municipal, and non-profit partners – are developing a comprehensive plan over the next two years that integrates:

- Economic development;
- Transportation;
- Housing; and
- Land use.

With the help of a \$1.9-million federal sustainable communities grant, we have already begun to mobilize state and community resources to help build a prosperous future for Rhode Island.

As an important first step in the Sustainable Communities initiative, the RIEDC, with Statewide Planning, and a multi-agency review committee, selected Fourth Economy Consulting – a national economic development firm – to compile economic data and analyze the state's business climate. The business climate report, which was released in February 2013, is helping us to understand:

- How Rhode Island fits into our regional economy;
- What our strengths are; and
- Where Rhode Island can improve.

A separate report on the conditions of social equity in Rhode Island – written by the group PolicyLink and released along with the economic data – will also go a long way in helping us to understand the increasingly diverse demographics of our state and how economic development data can be used to promote socially equitable policies. Both reports are available on the RIEDC website at www.riedc.com.

The collection and assessment of this data is a critical first step that will help guide and inform our efforts to develop a comprehensive economic development plan for Rhode Island. The data analysis also serves as the basis to help the state better understand Rhode Island's business climate rankings and find ways to improve.

Rhode Island Higher Education Research Collaborative

Working with the Association of Independent Colleges and Universities of Rhode Island, our state's three public institutions, and the Rhode Island Foundation, the RIEDC has helped to create a Higher Education Research Collaborative with a \$100,000 matching grant.

The goal of this public/private partnership is to tap into some of the brightest minds and best talent in Rhode Island to develop sound public policy research and facilitate fact-based decision-making to grow our economy.

The Collaborative will strategically focus on consensus-based state economic policy issues developed by public policy representatives from the Executive and Legislative branches of state government, in consultation with campus leaders. The Collaborative will include a leadership team, panel of policy leaders, research fellows, and administrative support that will work together to utilize the knowledge of Rhode Island's eleven higher education institutions to inform economic policy decisions.

Renewed Collaboration with RI Small Business Development Center



RIEDC has renewed its collaboration agreement with the RI Small Business Development Center (SBDC) to provide technical assistance and other business support education to small businesses across the state. SBDC helps to strengthen small businesses by providing broad-based and high-quality, “no fee,” one-on-one counseling and low-cost group educational services by connecting university, government, banking, private sector and other community-based resources to support business growth and to promote economic development. The SBDC services are provided directly by experts and faculty/student teams in a variety of business disciplines at a network of offices throughout Rhode Island.

URBAN INITIATIVES

Focused Urban Agenda planning discussions and draft strategies began in earnest at RIEDC in January 2011. Early discussions around community needs began with RIEDC building closer working ties to elected officials and community organizations within the five urban core communities of Providence, Pawtucket, Woonsocket, Central Falls, and West Warwick.

Early meetings were held with municipal leaders, various state agencies and community organizations to develop the urban agenda and seek input as to the needs of each community.

Governors’ Institute on Community Design (GICD) - A major catalyst that helped move RIEDC’s urban agenda planning forward, especially in relation to building connected partnerships, was an introduction to the Governors’ Institute on Community Design (GICD) based in Washington, D.C. The GICD advises governors and state leaders as they seek to guide growth and development in their states. In December 2011, Governor Chafee invited the GICD to Rhode Island to present a two-day series of interactive workshops regarding community planning, main street initiatives, partnering and other critical urban economic development planning information.

Partnership with Roger Williams University - Based on those discussions, in February 2012, talks began among RIEDC, the Governor’s Office and Roger Williams University (RWU) and their Community Partnerships Center. This collaboration led to a critical and substantive partnership with RIEDC and RWU to pair students and faculty with local nonprofits, municipalities and other organizations to tackle community development projects within one or more of Rhode Island’s urban communities. The partnership was formally announced in October 2012.

As with all our urban initiatives, first and foremost, RIEDC will continue to facilitate coordination with our internal and external partners to assist with community revitalization efforts. RIEDC will develop new or improve existing urban revitalization programs to fill business growth and community development needs.

ARTS AND DESIGN ECONOMY

RIEDC is working with state and community partners to develop an arts and design business development program as part of a broader effort to help facilitate vibrant communities as an engine for economic growth.

Roger Williams University and RIEDC Collaboration

The partnership with RWU has become a cornerstone of RIEDC's urban agenda. RWU and RIEDC, in direct partnership with local urban communities, have identified specific projects within Providence and Woonsocket. Project work in those communities began in January 2013.

In Providence, teams of RWU students, led by faculty, will collaborate with city officials as well as local nonprofits on the following six projects.

- Update, expand and analyze inventory of businesses located on Broad Street to drive clear, up-to-date information sharing and connection among business owners.
- Build communication vehicles to assist the Broad Street Merchants Association in engaging local businesses.
- Create and distribute multi-lingual information on local resources and programs available to Broad Street business owners.
- Assist Broad Street businesses with organizational tasks such as business planning, accounting and marketing plan development and implementation.
- Conduct research and analysis on the regulatory landscape of mobile food trucks in Providence and identify national best practices for food truck support, promotion and licensing.
- Assist Trinity Restoration, Inc. in rehabilitation planning for a building that will be converted into a center for performing arts.

RWU students and faculty will also begin the following eight projects with the City of Woonsocket.

- Identify successful Main Street policies and best practices for downtown Woonsocket.
- Revitalize business interest in Main Street by creating network of Woonsocket organizations.



- Examine tactics for creating a welcoming, positive environment for Main Street nonprofits that serve local residents with socioeconomic or substance abuse issues.
- Evaluate case studies to help identify strategic residential planning practices and development opportunities in downtown Woonsocket.
- Assess the investment and return of rehabilitating and reusing Main Street buildings and projects in downtown Woonsocket.
- Create a Main Street redevelopment plan addressing development and rehabilitation issues such as commercial use, housing types, educational institutions and transportation.
- Create a "Restaurant Start-up Toolkit" to assist in business planning for existing and prospective Woonsocket restaurant owners.
- Research the Stadium Theatre's traditional customer profile to create business development plans that revitalize Main Street businesses to focus on this target market.

With almost a full year of activities, planning and strategy sessions, there is a sound base of activities and needs that will be focused on more deeply and more broadly in the months ahead.

NTA Names RIEDC Tourism Manager Volunteer of the Year



Katrina White, Travel and Trade Manager for the Tourism Division, received the National Tour Association's (NTA) 2013 Volunteer of the Year Award. The award was given in recognition of White's work to promote and support the efforts of the association to lead the growth of travel to, from, and within North America. White was presented the award during the NTA's annual Travel Exchange in January 2013 at the Orange County Convention Center in Orlando, Florida. NTA is the leading business-building association for travel professionals (from more than 40 countries) interested in the North American market.

Integrated Partnerships

RIEDC also maintains a number of partnerships which are integrated into the agency's operations.

RHODE ISLAND TOURISM DIVISION

The Rhode Island Tourism Division is responsible for promoting domestic and international tourism to Rhode Island. It conducts a comprehensive marketing, communications, and research effort to expand the state's tourism industry and is a vital resource for hospitality developers.

Visit Rhode Island Website - The division received accolades from the Northeast Economic Development Association, naming visitrhodeisland.com's mobile site "Superior/Best in Class." The site continues to perform well, reaching more than 1.3 million visitors annually. A strong increase in site traffic, up 17 percent during the last 12 months, indicates large interest coming from within 200 miles of the destination. The division soft-launched a new brand, completely updating the look and functionality of the site, with the "Discover Beautiful Rhode Island" statewide promotion campaign in December 2012. The updated site will be integrated with social media to optimize reach. A partnership with *Rhode Island Monthly* will deliver new content to the site regularly.

Social Media - The division increased its social media fan base by 50 percent over the past year. Social engagement is impressively outpacing the national average. Contests and daily content posting, including photography, video, and a weekly podcast featuring the state tourism director continue to generate interest. The division is reaching more than 700,000 potential visitors monthly through its vast social media networking capabilities. The division is working with Johnson & Wales students to produce and post content.

Domestic PR - Working directly with the Pont Group, the tourism director traveled to media centers including Boston, New York, and Philadelphia to meet with editors of major media outlets, such as *O Magazine*, *Budget*, *Barons*, *Yankee*, *Frommers*, *Fodders*, *Food and Wine*, and dozens more. In addition, the division conducts events, including a luncheon at the New York Yacht Club where 50 writers representing travel, food, and entertainment editors were treated to an overview of Rhode Island. More than 35 individual media visits to Rhode Island were coordinated by the division in 2012. These efforts generated more than \$11 million in advertising equivalency for the state.

Publication - The division continues to publish the state’s official Travel Guide and State Map, at no cost to the state through a partnership with Rhode Island Monthly Communications. The division received accolades from NEDA naming the guide “Excellent/Best in Class.” Guides are used to fulfill more than 50,000 direct inquiries annually, and distributed through all AAA offices in Southern New England, trade and consumer shows, The Big E, regional tourism offices and hotels and attractions throughout the state. The AAA partnership alone has a value of \$25,000 in trade. The map is distributed through most of the same venues and the Toll Booths at Newport Bridge.

Travel Trade - The division created more than \$150,000 in partnerships where cash or traded services helped to defray programming costs for the division. Division staff hosted or attended 11 travel trade conferences and events with at least \$1.3 million in realized or anticipated tourism and hospitality revenues brought into Rhode Island as a result.

International - Through the division’s partnership with Discover New England, the region has generated \$19 million in earned media in the German market and \$11 million in earned media in the U.K.

EXPORT ASSISTANCE

RIEDC’s Export Assistance program, a partnership between the RIEDC and the John H. Chafee Center for International Business at Bryant University, offers a number of specialized services. The Market Entry program offers customized business matches to foreign sales and distribution channels in over 70 countries. Customized Export Training grants of up to \$5,000 are available for companies to learn the nuances and mechanics of international trade. RIEDC Export Assistance also facilitates firms’ participation in business development missions to international markets.

From June 2010 to June 2012, exports in Rhode Island rose 53 percent versus the national average of 43 percent. Rhode Island exported \$2.3 billion in calendar year 2011.

STEP Funding – In FY 2012, the Chafee Center for International Business received a \$496,000 one-year grant from the U.S. Small Business Administration for the State Trade and Export Promotion (STEP) program. The STEP program provided funding for in-depth trade service programs, including international business research and training, export missions, translations of marketing materials, and trade show support for Rhode Island exporters.

Trade Missions

The trade mission program coordinates trips to foreign countries for Rhode Island companies interested in exporting. The RIEDC’s export assistance team can help companies develop detailed export sales and marketing goals, compelling product descriptions and distribution strategies. Based on a company’s needs, the export assistance team can provide market research in target countries and schedule customized country visits. RIEDC also provides in-country logistical support, as well as pre- and post-mission support services.

Israel, November 2011



Total Projected Sales to date: \$5,215,000

To date, \$5,055,000 in actual export sales due to this mission have been reported.

Japan, May 2012



Total Projected Sales: \$2,665,000

DEFSEC Atlantic 2012, Canada, September 2012



Total Projected Sales: \$1.3 million

Panama and the Dominican Republic, September 2012

Total Projected Sales: \$1,675,000

MEDICA, Germany, November 2012



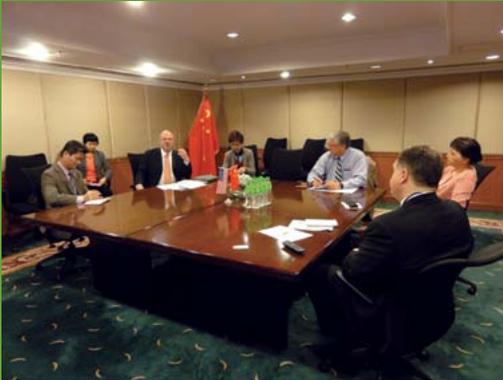
Total Projected Sales: \$310,000

Mainland China and Hong Kong, April 2013



April 2013

Trade Mission to China



DIRECTOR OF TOURISM MARK BRODEUR MEETS WITH REPRESENTATIVES FROM THE U.S. COMMERCIAL SERVICE.

RIEDC organized a trade mission to mainland China and Hong Kong in April 2013, in collaboration with the John H. Chafee Center for International Business and the U.S.-China Institute at Bryant University, as well as with the U.S. Commercial Service. This trade mission focused on fostering stronger ties between Rhode Island and China and Hong Kong to spur local job growth, increase Rhode Island exports, and attract more direct international investment to our state. Led by an experienced international trade team, this trade mission offered Rhode Island companies the chance to learn first-hand about these foreign markets and establish valuable business relationships through customized, one-on-one appointments and networking opportunities.

The STEP grant has allowed the RIEDC/Chafee Center partnership to greatly increase its outreach to Rhode Island businesses, expand the depth of its services, and provide new services. It also provides additional staff support at the Chafee Center for export assistance. As of December 31, 2012, 73 companies have taken advantage of STEP programs and funding. In FY 2013, The Chafee Center received an additional \$412,000 STEP grant for October 1, 2012 through September 30, 2013.

International Trade Training - The Partnership for International Business continued to provide valuable international trade training programs. Over 1,500 business people attended seminars in FY 2012, many of them coming to the RIEDC or the Bryant campus for the first time, or the first time in years. In August 2012, the Chafee Center sponsored its fifth annual Supply Chain Summit. This year's program was entitled "From my supply chain to yours: A Global Perspective." The event attracted over 175 attendees and was very well received by the business community. The Chafee Center staff is working on a robust schedule of training programs to be held in 2013, including a breakfast briefing on the Chinese Market with First Secretary David Murphy to the U.S. Embassy in Beijing.

Governor's Workforce Board Grant - As we have been since 1997, RIEDC was once again successful in requesting money through the Governor's Workforce Board. This year's grant for \$80,000 was awarded in August 2012. Funding is issued directly to Rhode Island businesses to support training programs that will help Rhode Island businesses compete internationally and grow their export sales.

- Total number of companies: 10
- Total number of grant trainees: 130
- Projected export sales as a result of training: \$1,004,000

So far in FY 2013, nine companies have been approved for funding through the Governor's Workforce Board, and two additional companies are in the process of applying. It is anticipated that at least 20 companies will benefit from this funding in FY 2013.

RHODE ISLAND PROCUREMENT TECHNICAL ASSISTANCE CENTER (PTAC)

PTAC is funded and administered through the Defense Logistics Agency's Office of Small and Disadvantaged Business Utilization in a cost matching Cooperative Agreement with the RIEDC. PTAC services are free to any existing commercial company with two years' commercial experience, an active presence in Rhode Island and e-commerce capability.

PTACs' mission and contracted obligation is to maximize the number of capable RI companies participating in the government marketplace by providing businesses with an understanding of the requirements of government contracting; providing the marketing know-how they need to obtain and successfully perform federal, state, and local government contracts; and supporting government agencies in reaching and working with the suppliers they need.

The number of Rhode Island firms active on the System for Award Management (SAM) and conducting business with the federal government increased from 1,376 in 2003 to 1,660 in 2008, and to 1,787 in 2012. Over 50 percent of these registered firms are or have been RI PTAC clients.

In a survey sent out in October to more than 400 PTAC clients in Rhode Island, most of which are small businesses, clients reported a total contract and subcontract award amount of \$134,147,702. The next survey for the second half of the program year will be sent out in March 2013.

The Defense Logistics Agency which monitors the performance of each state's Procurement Technical Assistance Center reports that these awards directly "created or retained" 2,683 RI jobs.

PTAC held 10 workshops and co-sponsored another six training events attended by more than 2,682 people and conducted 418 one-on-one counseling sessions with active PTAC clients.

PTAC also assisted numerous non-profits, federal grant recipients and municipal government agencies in the process of migrating their federal registrations from the old Central Contractors Registration (CCR) system over to the new and not-yet-debugged System for Award Management (SAM), many of these from referrals from our Congressional Delegation.

PTAC STATISTICS

PROGRAM YEAR 2012 (5/1/12 – 4/30/13)

- Active Clients: 368
- Total Number of New Clients: 41
- Total Number of Training Events: 33
- Total Attendees at Training: 2,682
- Total Number of One-on-One Counseling Sessions: 418
- Total Number of Contracts and Subcontracts Reported through 10/31/2012: 1,844
- Total Value of Contracts and Subcontracts Reported by Clients through 10/31/2012: \$134,147,702
- Total Number of RI Jobs Supported or Created: 2,683

2012 STAC COLLABORATIVE RESEARCH GRANTS	
Brown University	\$224,627
University of Rhode Island	\$708,588
Roger Williams University	\$44,716
Rhode Island College	\$50,842
Salve Regina University	\$72,953
Rhode Island Hospital	\$140,000
Perfuzia Medical, Inc.	\$60,000
Labonachip, LLC	\$117,545
TOTAL	\$1,419,271

RHODE ISLAND SCIENCE AND TECHNOLOGY ADVISORY COUNCIL (STAC)

The Rhode Island Science and Technology Advisory Council (STAC) was formed in 2006 by the Governor and General Assembly to develop strategic investments that maximize the economic impact of research, technology and innovation.

STAC initiatives: 1) support the state's research and development activity and promote collaboration across institutions; 2) encourage entrepreneurship and new company creation through the transfer of new technologies and discoveries into the marketplace; and 3) create an environment that enables innovation to flourish.

STAC's 13 members, who serve as a rolling board and represent business, medicine, academia and government, are appointed by the governor and General Assembly leadership. STAC serves as the Rhode Island National Science Foundation (NSF) EPSCoR grant governing committee, and STAC Collaborative Research Grant awards fulfill the mandated state match to the Rhode Island NSF EPSCoR grant. STAC also develops the Rhode Island State Science and Technology Plan.

In FY2012, STAC programs and initiatives continued to facilitate collaborative research and entrepreneurship. The 2012 STAC Collaborative Research Grants totaling \$1,419,271 were awarded to eight teams representing 20 scientists from eight research organizations pursuing projects in marine life sciences, nanotechnologies, and medical device development.

Since the first round of grants were distributed in 2007, the program has awarded \$7.7 million to 46 teams of 155 researchers from 44 research institutions including universities, colleges, hospitals and private companies. The funding has supported projects to design high-tech toys for children with cerebral palsy, study algae blooms, develop new nanotechnologies, and improve the design of prosthetic limbs. To date, awardees have attracted \$36 million in follow-on funding from public and private sources with additional dividends expected.

To support entrepreneurship, STAC contributed \$25,000 in seed funding to the RI Center for Innovation and Entrepreneurship (RI-CIE), bringing its total three-year investment in support of RI-CIE to \$75,000.

To support education and workforce development in the sciences, STAC assisted with the launch of two high school programs, one in design and one in cyber security, and continued to support the FIRST VEX Robotics competition and continued sponsorship of one student's participation in the Summer Undergraduate Research Fellowship program.

STAC also worked closely with the Rhode Island Department of Education to develop the successfully funded Race to the Top grant and represented the business community on the Statewide Leadership Council for development of the Next Generation Science Standards.

In partnership with the Rhode Island School of Design, STAC worked to position the state to be a leader in the STEAM movement which advocates adding "arts & design" to the traditional STEM moniker (Science, Technology, Engineering and Math): STEM + Art = STEAM.

Rhode Island is the first state to recognize the power of "arts and design" in its statewide S&T Plan. Artists and designers humanize technology, making it understandable and capable of bringing about economic progress, breakthrough innovation, and the next wave of technology-powered growth.

To advance statewide innovation, STAC partnered with the Greater Providence Chamber of Commerce on a special project to develop a comprehensive benchmarking report to measure and track Rhode Island's knowledge enterprise and innovation capacity.

In Praise of STAC

The following are examples of STAC's importance in Rhode Island's Science and Technology community.

Dr. Christian Franck of Brown University received a grant to study Traumatic Brain Injury. "We've done really well and attribute a lot of the work's success to STAC's support," he reports. "People say, 'What can you do with such a small amount of money?' In academia... it allows you to... get people together, develop fertile ground, establish an infrastructure — then, if the community is supportive, you can really make something. Every big building starts small."

Dr. Walt Besio of the University of Rhode Island received a STAC grant to further develop technology to monitor brain waves. STAC is helping Besio move his invention from bench to bedside to marketplace. In the next month the device will begin testing in a clinical setting at Rhode Island Hospital, under the guidance of collaborative partner Dr. John Gaitanis. The collaborative aspect of the STAC Award has meant the project has been able to maintain scientific integrity while hewing to the early stages of its carefully considered business plan.

Dr. Moses Goddard of CytoSolv received a grant to develop a wound healing therapy. Goddard believes that early start-up research needs to be done independently, away from the influence of private interests. He explains, "The goal is to not have to bring in private investment until we reach the clinical trial period." Goddard and the rest of the CytoSolv team feel strongly that STAC's support has allowed them to maintain the integrity of their venture without giving up their plan for growing a promising, Rhode Island-based business.

BROADBAND RHODE ISLAND INITIATIVE (BBRI)

BBRI was created as a result of two acts of Congress – Broadband Data Improvement Act and American Recovery and Reinvestment Act of 2009 – and is funded by National Telecommunications and Information Administration (NTIA).

The initiative has two major objectives: 1) Collect broadband coverage data which is obtained from the broadband providers in the state and submitted to the NTIA for the national broadband map; and 2) Help inform the state of issues/opportunities related to broadband and promote digital literacy and broadband adoption to our citizens.

The grant was assigned in 2009 to RIEDC as the “designated entity” with a term of five years from December 2009 to December 2014 and funded in the amount of \$4.5 million, of which \$2.6 million was spent through December 2012.

Broadband Rhode Island Highlights

- Executed two cycles (once every six months) of broadband data collection, verification and timely submission of the data to the NTIA for use in the National Broadband Map (www.broadbandmap.gov).
- Completed a broadband stakeholder process which informed the creation and publication of the BBRI white paper entitled “Broadband Policy for Rhode Island: Achieving Competitive Advantage in the Digital Age.”
- Created and initiated the BBRI Digital Literacy Program, including both a pilot and full project implementation.
- Completed and published the RI broadband adoption research study.
- Enhanced the BBRI website with a basic digital literacy portal developed for digital literacy trainers and community development organizations.
- Commenced and completed the Online Business Incubator (OBI) project.
- Completed additional cycle of broadband data collection, verification and timely submission of data to the NTIA.
- Expanded the reach of the BBRI Digital Literacy program. To date, 13 instructor workshops have been completed with 95 volunteer instructors trained; 23 public classes (4 sessions of 2 hours each) have been taught with 173 citizens completing the class; and 17 additional public classes are scheduled. Produced a Spanish version of the digital literacy curriculum.
- In collaboration with RI Emergency Management Agency, defined and started the Broadband Public Safety Notification System project funded by the grant. Wrote the Request for Proposals.
- Kicked off Digital Literacy Task Force representing various state agencies, such as education and labor, that are developing recommendations for the Governor’s Workforce Board (GWB) and their respective organizations about standards, assessment and program implementation for adult digital literacy training.
- Established an association with the new RI Chief Digital Officer to review the broadband grant and BBRI program and ascertain how to best integrate program assets and deliverables into the state’s digital strategy.

OFFICE OF REGULATORY REFORM (ORR)

The Office of Regulatory Reform (ORR) was created within the RIEDC in 2010 by an executive order and supported by legislation from both the House and the Senate. Strengthened by Governor Chafee in 2012, ORR aims to improve Rhode Island's business climate by making it easier for businesses to successfully navigate state and municipal permitting and regulatory affairs.

2012 Public Law 445 made substantial changes to the ORR:

- Relocating ORR to the new Office of Management and Budget.
- Requiring each agency to complete a "look back" and evaluate all existing agency regulations for any adverse impact on small businesses.
- Requiring ORR to develop criteria for economic impact statements to be used by all agencies.
- Tasking ORR to assist each agency to prepare economic impact statements and oversee this process.

ORR is now a division of the Office of Management and Budget, located within the Department of Administration.

Regulatory Review - ORR has made great strides with a targeted, systematic approach to achieving baseline metrics, developing corrective action plans and identifying best practices. Through progressive legislation and bold action by Governor Chafee, regulatory reform efforts are underway in earnest. Initiation of a comprehensive look-back for all existing regulations, which requires agencies and departments to identify regulations with impact to small businesses, began in September 2012. To date, 16 departments have completed 100-percent review of all of their regulations.

E-Permitting - Work with the State Building Commission and the State Fire Marshal to create an on-line e-permitting system is well underway. Process map identification work is complete with the Building Commissioner and Fire Marshal's offices and is proceeding in North Smithfield, Pawtucket, and North Kingstown. This process mapping work will help identify best practices at the city and town level and assist with integration with a statewide e-permitting system.

Small Business Ombudsman - ORR continues to provide high quality, on-demand service for businesses struggling to navigate complex regulatory systems. ORR has facilitated client meetings with state and local departments and agencies to streamline information flow and achieve win-win results.

Ombudsman Assistance

Advocacy advances the views and concerns of small business before state and local policy makers. As the agency responsible for examining the contributions and challenges of Rhode Island's small businesses, ORR is constantly looking for answers to small business questions and solutions to their challenges. Giving small business owners a voice to make their concerns about regulatory compliance heard, ORR has intervened on behalf of a number of companies. Examples of recent advocacy include:

- Assisting in securing all licensing and permitting for two-week America's Cup World Series.
- Helping a Providence restaurant owner receive timely fire suppression inspections on a renovation, thereby leading to a certificate of occupancy.
- Facilitating discussions between the Department of Environmental Management and a waste and recycling company regarding operations and proper licensing.
- Connecting a South County innkeeper with both the Fire Marshal and Division of Taxation to secure a certificate of occupancy as well as flea market vendor permits.

High-Level Familiarization Tours



GOVERNOR CHAFEE VISITS BLOUNT BOATS ON A RECENT HIGH-LEVEL FAMILIARIZATION TOUR.

Working with the Governor's Office, RIEDC coordinated familiarization tours of Rhode Island's economic assets for national corporate site selection consultants and media. Tours focus on the state's infrastructure assets, including:

- The Knowledge District in Providence
- Rhode Island's Ports
- Marine and Defense Industries (Quonset, Aquidneck Island and East Bay)
- Warwick Station Development District
- Financial Services Corridor along Routes 7 and 116.

Recent tours included a defense/marine trades media tour with Governor Chafee (March 2012), a statewide tour with national site selection consultants (June 2012), a Boston Consulting Group tour with Governor Chafee (September 2012), and a Marine Trades media tour in partnership with the Rhode Island Marine Trades Association (October 2012).

RIEDC: Growing Businesses

Business Development

In an effort to be agile and responsive and to seize economic development opportunities, the RIEDC is focusing resources on helping companies of all sizes grow and succeed in Rhode Island so they can continue to build vibrant industries and create quality jobs in the state. In addition to the relocation of Tunstall and the development of a Warwick Station Development District branding and marketing strategy, RIEDC has focused on several key business development initiatives, including the following:

Fort Adams State Park - The America's Cup event accelerated permanent, public infrastructure improvements at Fort Adams State Park that not only benefited those attending the event but will continue to benefit Rhode Island residents and visitors for years to come. RIEDC is working closely with the Rhode Island Department of Environmental Management, Sail Newport, and other park tenants to ensure that the planned infrastructure improvements continue to position the park to host a wide range of marine-related events in the future. The park's assets, including available dockage, event space, large parking areas, and easy water access to Newport and Narragansett Bay, make Fort Adams the choice venue for many world-class events.

Undersea Perimeter Security Integrated Defense Environment (UPSIDE) - The UPSIDE project was a multi-year, \$5 million project managed by the RIEDC in support of creating a diver detection, classification and response system for the Office of Naval Research. Companies such as Rite Solutions, Purvis Systems, FarSounder, SubChem Systems, and Smiths Detection-Livewave all provided their technologies that were integrated into one system. The Naval Undersea Warfare Center (NUWC) Division Newport provided technical assistance and third-party oversight and validation on the development of the system. Facilities such as ProvPort and Electric Boat at Quonset Business Park provided their facilities for live demonstrations and in-water testing.

Manufacturing 1000 Project - RIEDC is part of a public/private partnership with Bryant University's John H. Chafee Center for International Business, the RI Manufacturing Extension Services, and the RI Manufacturers Association. This team has identified the largest 1,000 manufacturing companies in Rhode Island and is surveying them on a variety of business topics. The survey results will be included in an aggressive, year-long campaign of advocacy and technical assistance to help Rhode Island's manufacturing companies meet their business growth agenda.

EPA Brownfields - Brownfields is a multi-year, \$3.5 million U.S. Environmental Protection Agency program to provide grants to non-profits and loans to any eligible entities to clean up brown-field properties located throughout Rhode Island. Once repayment commences, the funds can be revolved to issue future loans through the existing Small Business Loan Fund Corporation (SBLFC) for brownfield cleanups.

International Yacht Restoration School (IYRS) - RIEDC, in partnership with IYRS, received a \$500,000 grant in 2010 from the U.S. Department of Labor to provide training for individuals in the fabrication of composites materials. The nine-month training program is based at the IYRS Bristol facility and provides hands-on experiential training on the application of composites in fields such as aerospace, marine, transportation, and wind energy. To date, 22 individuals have successfully completed the program with a job placement rate in excess of 75 percent.

Naval Undersea Warfare Center (NUWC) - Over the past four years, RIEDC has partnered with NUWC to manage the federally-funded summer Undersea Technologist Apprenticeship Program (UTAP) for high school students. Over 125 students have participated in the UTAP program, which provides an \$840 stipend to student interns during the summer.

General Dynamics Electric Boat (EB) - RIEDC worked with EB management and the Quonset Development Corporation to address the company's expansion needs in accommodating plans for the U.S. Navy submarine fleet. In 2012, EB advanced development of two new buildings: The Blast & Coatings Facility (\$24 million investment) and Building 60 (\$6 million investment).

Volvo Ocean Race - In February 2013, Governor Chafee and Volvo Ocean Race officials announced that Newport would host its first Volvo Ocean Race after winning a stop on the route of the 12th edition of sailing's premier round-the-world challenge in 2014-15. The Volvo Ocean Race has visited the U.S. in every edition since 1997-98, but despite Newport's great sailing heritage, it has never before had Host Port status.

Port Security Communications Network (PSCN)

RIEDC led a multi-agency state team, consisting of the Rhode Island Department of Environmental Management, law enforcement, the Turnpike and Bridge Authority, Rhode Island Emergency Management Agency, and the Providence Emergency Management Agency, in establishing a waterborne surveillance system to monitor commercial shipping on Narragansett Bay and surrounding areas. A total of \$2.25 million was secured from the U.S. Department of Homeland Security and managed by the RIEDC and its partner agencies in establishing the system that continues to expand to all Rhode Island ports such as Providence, Davisville, Newport, Galilee, Block Island, the Federal Shipping Channel and Anchorages located in the Bay, and the Mount Hope and Newport Pell Bridges. Rhode Island-based businesses were recipients of the funds, as they were hired to design, build and maintain the system.

Client Services – Business Outreach

Based on the review of RIEDC priorities and functions in the summer of 2012, agency management identified client services as a top area in need of improvement. RIEDC set a goal to become a more customer-centric agency that will better respond to businesses and connect them to RIEDC and other statewide resources that can help them grow and succeed.

Dedicated Client Services Team - In an effort to become more responsive to the needs of Rhode Island businesses, the RIEDC formed a dedicated Client Services Team in early 2013 and named a director of Client Services to lead it.

Quonset Development Corporation (QDC) Highlights

The QDC is a special purpose subsidiary of the RIEDC, a quasi-state agency, responsible for the development and management of the Quonset Business Park. In broad terms, QDC's development goals are to:

- Create additional jobs.
- Stimulate private sector investment.
- Create additional tax base.

The Quonset Business Park hosts more than 175 diversified companies with approximately 9,100 employees. The Port of Davisville at Quonset Business Park is the seventh-largest auto importer in North America. Some significant achievements in 2012 include:

- Record-high numbers of finished vehicles at the Port of Davisville. In 2012, more than 172,000 automobiles arrived by ship at the Port.
- Near completion of maintenance dredging in the Port of Davisville at no cost to taxpayers, with a \$7.5 million bond approved by the RIEDC Board and General Assembly for the project.
- 95% completion of federally-funded TIGER projects and dedication of the new mobile harbor crane.



- Announcement with Governor Chafee of QDC's Site Readiness Program which completes engineering and pre-permitting for remaining developable land parcels.
- Completion of Electric Boat's new high-bay addition, and beginning of construction on new coatings building.
- Grand openings of Home Goods and the World of Indoor Sports, the first company to benefit from the Site Readiness Program.
- Beginning of construction of the new Gateway office building which will provide space for small businesses.
- Delivery of RI Fast Ferry's new vessel and beginning of construction on new dock.

This team has embarked on a massive outreach effort aimed at Rhode Island businesses to:

- Identify their needs.
- Inform them about RIEDC programs and services as well as those of our partner organizations.
- Determine how RIEDC can best assist companies through our programs and/or a referral to one of our partners.
- Mobilize RIEDC and/or statewide resources quickly to assist companies in need.

Since February, 2013 — the first month of activity for the new team — Client Services has held 245 meetings with Rhode Island businesses.

Technology Infrastructure Upgrade - To ensure that business outreach activities are both meaningful and lead to successful outcomes, data needs to be captured and performance metrics need to be established. RIEDC reconfigured its existing Customer Relationship Management (CRM) technology to collect better information on clients and improve transparency and reporting on the impact of staff activities in assisting businesses. Staff was trained on the new CRM system in December 2012. Team members will be able to more effectively capture pertinent information gleaned from company visits, establish and track follow-up activity, as well as referrals to partner organizations.

Client Service Training - To further enhanced client services, the RIEDC partnered with Amica Insurance at the end of 2012 to provide customer service training to all client-facing personnel. A second round of Amica training was provided to all RIEDC staff in February 2013.

Cross-Training - Cross-program and specific technical training has been developed and implemented to improve the ability of RIEDC staff to promote all agency programs to clients and provide better administrative support internally.

Technical Assistance to Small Businesses - Technical assistance is provided to small business clients through the agency's Client Services Team and through the RIEDC's partnership with the RI Small Business Development Center. RIEDC staff also spends considerable time, on an one-on-one basis, with clients to walk them through all levels of technical assistance, including business loan applications and business plan reviews. Staff also instructs them on other business information requests, such as where to access permitting and how to locate vacant buildings for sale. Additionally, RIEDC meets regularly with entrepreneurs who have an interest in starting a business and fields many inquiries from businesses and/or entrepreneurs about financing opportunities.

Community Business Outreach Forums

Since the beginning of 2012, RIEDC and the Governor's Office have partnered with municipalities, Chambers of Commerce, the Rhode Island Department of Labor and Training, the Office of Regulatory Reform, the U.S. Small Business Administration, and other business service organizations to conduct a series of 18 Community Business Outreach Forums covering 20 communities. The forums provide an opportunity for state and local officials to hear from small businesses and discuss ways to help them succeed, grow the economy, and create jobs for Rhode Islanders. The forums have generated numerous follow-up visits to assess company needs and connect them with services.

At this writing, forums have included:

- Pawtucket (January 2012)
- West Warwick (January 2012)
- Cranston (January 2012)
- Woonsocket (February 2012)
- Newport (February 2012)
- South Kingstown (March 2012)
- Hopkinton (March 2012)
- East Providence (April 2012)
- East Greenwich & Warwick (April 2012)
- Middletown (May 2012)
- Johnston & North Providence (May 2012)
- Providence (June 2012)
- Portsmouth (August 2012)
- Charlestown (October 2012)
- Bristol (November 2012)
- Cumberland (March 2013)
- Coventry (April 2013)
- North Kingstown (May 2013)

Finance Facts

FY 2012:

RIEDC provided \$27.1 million in small business, bond and renewable energy financing to assist 39 Rhode Island businesses, institutions, and municipalities.

FY 2013 through April:

RIEDC provided \$49.7 million in small business, bond and renewable energy financing to assist 16 Rhode Island businesses, institutions, and municipalities and to help develop two infrastructure assets.

RIEDC: Providing Access to Capital

The focus of the RIEDC Financial Services team is to assist Rhode Island businesses so they may grow and succeed. This is done by working closely with companies to determine their needs and to find the financing tools to best fit those needs. RIEDC relies on in-house financing tools, utilizes partner agencies, and works closely with the regional lending community to provide businesses with access to capital.

Often, the best fit may not be with a program managed through RIEDC, but rather with programs available through conventional lenders or through RIEDC partners such as the U.S. Small Business Administration or the Ocean State Business Development Authority. In these cases, the Financial Services team works closely with companies in making referrals and guiding them through the process.

Financial Activities

At Governor Chafee's direction, the RIEDC has taken significant steps in FY 2013 to assess our existing financing programs and make improvements so they work better for Rhode Island businesses as well as protect the interests of taxpayers.

Rhode Island Department of Business Regulation (DBR) bank examiners, with support from other state personnel, conducted compliance reviews of RIEDC financial programs and the health of its existing loan portfolio.

Leveraging the results of the DBR financial programs review, RIEDC is implementing recommendations aimed at creating a more consistent, transparent, and auditable process to make it easier for businesses to access capital and improve accountability to taxpayers.

RIEDC has upgraded the agency's technology infrastructure to better manage and evaluate our financing portfolio. The new Suntell Square 1 Credit Suite underwriting and portfolio management system is very comprehensive and will handle many of the underwriting and management items identified in the DBR report.

RIEDC has also established an internal loan review panel to ensure thorough evaluation of applications and financial documents prior to Board review.

State Small Business Credit Initiative (SSBCI) – In June 2011, RIEDC worked with the Governor’s Office and the Rhode Island Department of Administration to complete and submit Rhode Island’s application for federal grant funding from the U.S. Treasury Department’s State Small Business Credit Initiative (SSBCI). In October 2011, Governor Chafee and members of Rhode Island’s federal delegation announced that the state had been awarded \$13.1 million in federal SSBCI grant funds. RIEDC was then tasked with the day-to-day management and administration of the program.

By February 2012, RIEDC finalized Memorandums of Understanding with the Small Business Loan Fund Corporation (SBLFC), BetaSpring, and the Slater Technology Fund to deploy the first tranche (\$4.3 million) of the \$13.1 million in SSBCI grant funds. RIEDC is in the process of applying to the U.S. Treasury Department for the second tranche of funding (\$4.3 million) for this program.

Rhode Island’s SSBCI funds are to be invested in early-stage, technology- and innovation-driven companies, entrepreneurs, small businesses and businesses in urban communities with the aim of creating high-skilled, high-wage jobs. This source of small business financing is also expected to spur additional private capital co-investment and complement other state capital and economic development programs aimed at further expanding key growth industries in Rhode Island.

38 Studios - In 2010, 38 Studios received \$75 million in loan guarantees through the RIEDC’s Job Creation Guaranty Program to help relocate the company to Rhode Island. On May 1, 2012, 38 Studios did not make a \$1.125 million guaranteed annual payment to RIEDC as agreed upon in the Loan & Trust agreement, causing the company to be default on the agreement. On June 7, 2012, 38 Studios filed for Chapter 7 bankruptcy. On November 1, 2012, RIEDC filed legal action against certain 38 Studios Officers and Directors and other parties to protect the interest of taxpayers.

Bond Financing for Infrastructure Development



AN ARTIST’S RENDERING DEPICTS A PEDESTRIAN WALKWAY IN THE SURPLUS LAND BY I-195.

With infrastructure development as a key driver of economic development and job growth, RIEDC Chairperson Governor Chafee and the Board of Directors approved up to \$38.4 million in bond financing in FY 2013 for the purchase and development of the I-195 surplus land in the heart of Providence.

In FY 2013, the RIEDC Board also approved a \$7.5-million bond on behalf of the Quonset Development Corporation (QDC) for a dredging project at the Port of Davisville that will allow for increased activity at the port.

Small Business Loan: Schulz Boat Co.

Schulz Boat Company received SBLFC financing in early FY 2012. As a result, the company's first Shannon Defiant 46 yacht was recently launched and prominently featured at the Palm Beach Boat Show. This new design is projected to increase fuel efficiency by more than 50 percent over competing boats in the same size range.

Financing Activity Details

(See Appendix A for full descriptions and status updates on all financing programs)

SMALL BUSINESS LOAN FUND CORPORATION (SBLFC)

For smaller businesses looking for a direct, fully secured loan, the SBLFC provides up to \$250,000 for working capital to existing manufacturing, processing, and selected services. Additionally, manufacturers seeking financing to be used for the acquisition of land, buildings, and equipment may qualify for loans in excess of \$250,000.

In February 2013, the SBLFC Board voted to lower the standard interest rate on their loans from the previous average rate of 7.5% to an average rate of 5.75% to make it easier for businesses to access capital.

SBLFC FINANCING FOR FY 2012		
Adirondack Development	E. Greenwich	\$40,000
Baccala Concrete	Johnston	\$250,000
Colonial Mills	Pawtucket	\$350,000
Dance Theatre of Rhode Island	Cumberland	\$10,000
Destination Chocolate	Newport	\$75,000
Epoch Sleep Centers	Lincoln	\$200,000
Healing in Harmony	Chepachet	\$10,000
Infusion Resources	Riverside	\$250,000
JC Import Company	N. Kingstown	\$75,000
Kiltco LLC	S. Kingstown	\$50,000
LeCentral	Bristol	\$18,000
NAIAD	Portsmouth	\$250,000
National Marker	N. Smithfield	\$250,000
Ocean State Psychotherapy	N. Kingstown	\$50,000
North Star Marketing	N. Kingstown	\$150,000
P2G2 LLC	Rumford	\$175,000
Providence Specialty Products	Providence	\$250,000
RSM Employer Parking	Providence	\$250,000
Schroff Technology	E. Greenwich	\$250,000
Schulz Boat	Bristol	\$200,000
SD Concepts	West Warwick	\$325,000
T&C Woodworking	Pawtucket	\$250,000
Truck Solutions	Cumberland	\$250,000
Vogue Communications	Woonsocket	\$50,000
TOTAL		\$4,028,000

SBLFC FINANCING FOR FY 2013 THROUGH APRIL		
Biomes Marine Biology	North Kingston	\$26,000
Breachway Bait & Tackle	Charlestown	\$15,000
D3 Logic Inc	East Providence	\$250,000
Old Mountain Lanes	Wakefield	\$25,000
Valley Fuel	West Warwick	\$125,000
TOTAL		\$441,000

Small Business Loan: National Marker



National Marker was funded in 2012, utilizing SSBCI funds for working capital, following a management buyout of the company. In this case, the SBLFC, through SSBCI funds, acted as a catalyst to bring numerous financial tools and partners together to fund the buyout and preserve 58 jobs in Rhode Island.

Job Creation Guaranty: NuLabel Technologies

NuLabel Technologies, a polymer science and engineering innovations company developing label and packaging solutions to help companies cut costs and reduce waste, received loan guarantees under the RIEDC's Job Creation Guaranty program in 2012. NuLabel has leveraged its RIEDC guarantee to attract additional funding from various sources and continues to develop its products and grow its business in East Providence. Due to additional funding from other sources, NuLabel has not drawn down on their Job Creation Guaranty Program loan funds.

JOB CREATION GUARANTY PROGRAM

The Job Creation Guaranty Program provides greater access to capital and credit for growth-oriented businesses looking to expand or relocate in Rhode Island. Under the program, the RIEDC is authorized to guarantee loans by private lenders or guarantee certain bond obligations for the benefit of businesses in primarily technology and innovation-driven industries that can create permanent, high-paying, full-time jobs in the state and continue to expand Rhode Island's knowledge economy.

In April 2011, the RIEDC Board, under the leadership of Governor Chafee, approved new rules and regulations for the state's Job Creation Guaranty Program, capping the amount of loan guarantees available under the program at \$10 million for any single project.

JOB CREATION GUARANTY PROGRAM FINANCING FOR FY 2012

Company	Location	Approved Guaranty Amount	*Current Guaranteed Balance
NuLabel Technologies	E. Providence	\$1,500,000	\$0
The Corporate Marketplace	N. Kingstown	\$4,000,000	\$3,250,000
TOTAL		\$5,500,000	

JOB CREATION GUARANTY PROGRAM FINANCING FOR FY 2013 THROUGH APRIL

Company	Location	Approved Guaranty Amount	*Current Guaranteed Balance
eNow	Warwick	\$1,000,000	\$419,674
Total		\$1,000,000	

* This is the principal balance owed on the guaranteed loan as 4/15/13.

BOND FINANCING

RIEDC Revenue Bonds - RIEDC is enabled to issue revenue bonds in the form of conduit financing. With the exception of Job Creation Guaranty Moral Obligation Bonds, RIEDC-issued bonds carry no exposure for Rhode Island taxpayers.

Rhode Island Industrial Facilities Corporation (RIIFC) - RIIFC offers both tax-exempt and taxable revenue bonds to businesses exploring various manufacturing projects with a \$20 million limit per project. The bond can cover up to 100 percent of the cost for a manufacturing project including land, new machinery and equipment, building costs, and certain eligible “soft” costs.

Rhode Island Industrial Recreational Building Authority (IRBA) - IRBA offers mortgage insurance, covering up to 90 percent on real estate, 80 percent of machinery and equipment, and 75 percent of tourist-travel recreation projects. The maximum amount a business can borrow is \$5 million. Funds can be used for new building acquisitions, additions, and rehabilitation of existing buildings, and for new or used machinery and equipment. This program offers borrowers debt insurance on tax-exempt and taxable bonds, as well as conventional mortgages.

RIEDC BONDS, RIIFC, IRBA FINANCING FOR FY 2012

Company	Location	Type of Financing	Amount
Greater Providence YMCA	Barrington	RIEDC Bonds	\$8,000,000
Material Sampling Technologies	North Smithfield	RIIFC/IRBA	\$1,388,000
Pawtucket YMCA	Lincoln	RIEDC Bonds	\$5,000,000
TOTAL			\$14,388,000

RIEDC BONDS, RIIFC, IRBA FINANCING FOR FY 2013 THROUGH APRIL

Company/Entity	Location	Type of Financing	Amount
Ashaway Pines	Hopkinton	RIIFC/IRBA	\$2,000,000
I-195 Commission	Lincoln	RIEDC Bonds	\$38,400,000
Quonset Development Corporation	Barrington	RIEDC Bonds	\$7,500,000
TOTAL			\$47,900,000

Renewable Energy Fund: Utilidata

In February 2012, REF facilitated \$500,000 in financing to help Utilidata expand and relocate to Rhode Island. This investment proposes to create 47 new direct jobs in Rhode Island by the end of 2015. As of December 2012, the energy technology company employed 21 full-time workers in Rhode Island. The average annual wage for these jobs over the four-year ramp-up period is expected to be about \$91,000.

RENEWABLE ENERGY FUND (REF)

Created by legislative statute in 1996, the REF is dedicated to increasing the renewable energy supply in Rhode Island. The fund is managed by the RIEDC and provides grants, loans, and other financing to support renewable energy projects that produce electricity in a cleaner, more sustainable manner and stimulate job growth in Rhode Island's economy. The REF is funded through the "system benefit charge" on electric bills and Alternative Compliance Payments from large electricity users.

In FY 2012, REF awarded a total of \$3.2 million to 11 renewable energy projects. As part of the total funds distributed in FY 2012, the REF entered into an Memorandum of Understanding with the Rhode Island Office of Energy Resources (OER) to administer federal American Recovery and Reinvestment Act (ARRA) funds. REF successfully dispersed over \$1.1 million to six projects before the MOU expired in July 2012.

Between August and December 2012, the REF worked with OER to rewrite and restructure the rules and regulations governing the fund. In December 2012, the RIEDC Board approved new rules and regulations which provide enhanced structure and transparency to the REF. Applications were not being accepted until after the new rules and regulations were ratified.

REF has allocated \$4.25 million dollars into four specific programs for Calendar Year 2013:

- Small-scale solar: \$1,500,000
- Commercial-scale renewables: \$1,000,000
- Early-stage Commercialization: \$1,000,000
- Predevelopment Projects: \$750,000

On April 22, 2013, in the first deployment of funds under the new Rules and Regulations, the RIEDC Board approved \$184,334 in grants to seven companies in the first round of 2013 funding. These projects support commercial and small-scale solar energy projects that will produce electricity in a cleaner, more sustainable manner, and contribute to greener homes and businesses.

In 2013, the REF also established a Renewable Energy Fund Advisory Board to assist fund staff in recommending projects to the RIEDC Board for approval.

Governor Chafee has asked OER to make strategic energy planning a top priority. To help accomplish this goal, OER is developing a 10-year update to the Rhode Island State Energy Plan. Through the REF, RIEDC is partnering with OER, along with the Division of Planning, Cabinet leaders, and the University of Rhode Island, to develop an updated energy plan for the state.

SUMMARY OF REF FUNDING FY 2012

Company/Project	Funding Type	Location	Amount
Alteris	Grant	Providence	\$125,750
Business Innovation Factory	ARRA Grant	Providence	\$167,500
City of Providence	Grant	Providence	\$259,460
GWH LLC	ARRA Grant	Lincoln	\$130,000
PCS Utilidata	Loan	Providence	\$500,000
REF-WBNA	Grant	Providence	\$500,000
Tiffany & Co.	ARRA Grant	Cumberland	\$250,000
Toray Plastics	Grant	North Kingstown	\$750,000
Toray Plastics	ARRA Grant	North Kingstown	\$250,000
Town of Coventry	ARRA Grant	Coventry	\$325,000
Tyde Farm	ARRA Grant	South Kingstown	\$18,311
Total			\$3,276,021

SUMMARY OF REF FUNDING FY 2013 THROUGH APRIL

Company/Project	Funding Type	Location	Amount
Church Community Housing	Grant*	Newport	\$34,596
City of Providence	Grant	Providence	\$259,460
Clem's Electric	Grant*	Bristol	\$27,390
Entech Engineering	Grant	Block Island	\$31,869
National Security Corp.	Grant*	East Providence	\$28,250
Newport Solar	Grant*	Newport	\$13,197
Real Goods Solar	Grant*	Providence	\$26,388
Town of Glocester	Grant	Glocester	\$18,881
US Solar Works (all projects in RI)	Grant*	Attleboro, MA	\$22,644
TOTAL			\$462,675

* Under new rules

Technology Upgrades

RIEDC reconfigured its existing Customer Relationship Management (CRM) technology to collect better information on clients and improve transparency and reporting on the impact of staff activities in assisting businesses. Staff was trained on the new CRM system in December 2012.

RIEDC also installed a new software system in January 2013 to better manage the underwriting and portfolio management system of financing transactions.

RIEDC: Operational Improvements

The wise use of public funds is a top priority in the RIEDC's efforts to maximize our resources and help grow the Rhode Island economy. To improve the agency's accountability and the effectiveness of its programs, the RIEDC has implemented new initiatives that have strengthened internal operations and increased efficiency so the agency can deliver impactful results to our clients and partners.

Cross-Training - Cross-program and specific technical training has been developed and implemented to improve the ability of RIEDC staff to promote all agency programs to customers and provide better administrative support internally.

Client Service Training - To further enhance customer service, the RIEDC partnered with Amica Insurance to provide customer service training to staff.

Updated Expense Policy - In September 2012, RIEDC instituted a new accounting policy for employee travel expenses that is more in line with existing state procedures.

Ethics Training - In March 2012, RIEDC legal counsel provided mandatory ethics training to all RIEDC staff.

Public Records Training - In November 2012, RIEDC legal counsel provided mandatory Access to Public Records Act training to key RIEDC personnel.

Updated Public Records Policy - RIEDC communications staff worked with legal counsel to develop a new public records policy and procedures to reflect changes in Rhode Island's Access to Public Records Act (APRA).

Budget Process - RIEDC has revamped its internal budget development process in 2012. A new bottom-up approach to budget development has been created that clearly defines programs and projects to be funded. The agency can now better track how it is allocating resources in its budget, based on clearly defined programs and projects.

Performance Metrics - RIEDC is developing a performance metrics system to align with the state performance measurement program. Proposed metrics are being developed.

Appendix A

SUMMARY OF FINANCING AND TAX INCENTIVE PROGRAMS

FINANCING

SMALL BUSINESS LOAN FUND CORPORATION (SBLFC)

Overview

For smaller businesses looking for a direct, fully secured loan, the Small Business Loan Fund Corporation (SBLFC) provides up to \$250,000 for working capital to existing manufacturing, processing and selected services. Additionally, manufacturers seeking financing to be used for the acquisition of land, buildings, and equipment may qualify for loans in excess of \$250,000. Interest rates are fixed. The repayment terms are flexible, with up to five years for working capital and up to 10 years for hard asset financing. For each \$50,000 in funds lent, there should be the creation of a minimum of one job. Restrictions: Requested funds cannot be used to refinance existing debt. Additionally, retail businesses and restaurants are ineligible for financing through the SBLFC.

Background

The SBLFC was established in 1986 and is a subsidiary corporation of the RIEDC. The U.S. Economic Development Administration awarded five federal grants to the RIEDC and its predecessor organizations to establish the SBLFC, the final grant having been received in 1996. The initial grants which created the fund totaled \$12.2 million. The fund has since provided loans to 642 Rhode Island businesses totaling \$58,936,358. Currently the program has 67 active loans with an outstanding principal of \$6,952,914.

Since its inception, the fund has not received, or administered, any state dollars. In the event of a loan default, there is no exposure to the state, nor can SBLFC request an appropriation from the state to cover any losses incurred. The SBLFC has its own board of directors tasked with reviewing and approving all SBLFC loans.

JOB CREATION GUARANTY PROGRAM

Overview

The Job Creation Guaranty Program provides greater access to capital and credit for growth-oriented businesses looking to expand or relocate in Rhode Island. Under the program, the Rhode Island Economic Development Corporation (RIEDC) is authorized to guarantee loans by private lenders or guarantee certain bond obligations for the benefit of businesses in primarily technology and innovation-driven industries that can create permanent, high-paying, full-time jobs in the state and continue to expand Rhode Island's knowledge economy.

Background

The Job Creation Guaranty Program was approved by the Rhode Island General Assembly in June 2010. Governor Chafee and the RIEDC Board of Directors approved program rules and regulations in December 2012 that cap the amount which can be guaranteed for any single project to \$10 million. The RIEDC's Access to Capital subcommittee now reviews all Job Creation Guaranty Program applications and makes recommendations to the RIEDC Board, using newly developed pre-qualifying criteria. Currently, \$42 million in guarantees are available to qualified Rhode Island businesses.

Upon initial funding of a project, a reserve fund is established to cover one-year of principal and interest payments in the event of a default. If the reserve fund is depleted, a request to the General Assembly would be required for an appropriation to pay the remaining principal and interest owed to bondholders.

RIEDC REVENUE BONDS

The Rhode Island Economic Development Corporation (RIEDC) is enabled to issue revenue bonds in the form of conduit financing. With the exception of Job Creation Guaranty Moral Obligation Bonds, RIEDC-issued bonds carry no exposure for Rhode Island taxpayers. These bond issuances are approved by the RIEDC Board and can take the form of taxable or tax-exempt bonds. As of June 30, 2012, the outstanding balance on bonds issued by RIEDC is \$1,063,289,907.

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION (RIIFC)

Overview

Rhode Island Industrial Facilities Corporation (RIIFC) offers both tax-exempt bonds and taxable bonds to businesses.

- **Tax Exempt Bonds** - RIIFC issues tax-exempt revenue bonds for companies exploring various manufacturing projects with a \$20-million limit per project. The bond can cover up to 100 percent of the cost for a manufacturing project including land, new machinery and equipment, building costs and certain eligible "soft" costs. Interest rates are tax exempt and are determined by the market. Building materials purchased for projects may be eligible for exemption from Rhode Island sales tax.
- **Taxable Bonds** - RIIFC offers taxable bonds for businesses that want to branch out into a commercial enterprise, including building tourist-travel facilities. These bonds are almost identical to the tax-exempt bonds, but they are taxable for financing fixed commercial assets such as land, building, machinery and equipment, and related "soft" costs. The limit per project is usually established by the bond purchaser or credit enhancer

Background

Established in 1967, RIIFC is authorized to issue its revenue bonds and notes for any of its corporate purposes. All bonds and notes issued by RIIFC are payable solely out of the revenues and receipts derived from the leasing or sale by RIIFC of its projects, or from any other financing arrangement which may be designated by RIIFC.

As of June 30, 2012, RIIFC had an outstanding principal balance of conduit debt of \$65,485,403. Except for any obligations secured by mortgages which are insured by the Rhode Island Industrial-Recreational Building Authority (IRBA), the state is not liable for the payment of the principal of or interest on any bonds or notes of RIIFC. Outstanding mortgage obligations of RIIFC which are insured by IRBA totaled \$19,476,587 as of June 30, 2012.

RHODE ISLAND INDUSTRIAL RECREATIONAL BUILDING AUTHORITY (IRBA)

Overview

Mortgage insurance is offered through the Rhode Island Industrial Recreational Building Authority (IRBA). The maximum amount a business can borrow through this program is \$5 million. The loan covers up to 90 percent on real estate, 80 percent of machinery and equipment, and 75 percent of tourist-travel recreation projects. Funds can be used for new building acquisitions, additions, and rehabilitation of existing buildings and for new or used machinery and equipment. This program offers borrowers debt insurance on tax-free bonds, taxable bonds and conventional mortgages.

Background

IRBA was created in 1958 and is enabled to pledge the state's full faith and credit up to \$60 million. In accordance with state law, all premiums received by IRBA and all amounts realized upon foreclosure or other proceeds of defaulted mortgages are payable into the Industrial Recreational Building Mortgage Insurance Fund. All IRBA expenses and all losses on insured mortgages are chargeable to this fund. Since its inception, IRBA has had a sufficient reserve to cover any losses and has not required the use of state funds.

As of June 30, 2012, IRBA had outstanding mortgage agreements and other commitments for \$19,476,587, mainly in connection with revenue bonds issued by the Rhode Island Industrial Facilities Corporation.

RENEWABLE ENERGY FUND (REF)

Overview

The Renewable Energy Fund (REF) was created by legislative statute in 1996, and management of the fund transferred to the RIEDC in 2008.

REF is dedicated to increasing the role of renewable energy with business development and energy supply in Rhode Island's electric grid. The REF provides grants, loans, and other financing options to renewable energy projects with the potential to make electricity in a cleaner, more sustainable manner, while stimulating job growth in the green technology and energy sectors of Rhode Island's economy. Using funds from the "system benefit charge" on electric bills and Alternative Compliance Payments from large electricity users, RIEDC will fund renewable energy projects in 2013 in small-scale solar, feasibility studies and commercial development. Commercial development consists of direct project installations and early-stage commercialization of new technologies and business models. REF has allocated \$4.25 million in 2013 for these project areas. Although most REF funding is in the form of grants, any losses on loans would be absorbed by the REF, but would not require any additional public funds in those cases. The REF collects approximately \$2.25 million from electric ratepayer funds annually. This funding source has been extended and will continue until January 1, 2018.

Recent Highlights

The RIEDC Board approved new Rules and Regulations for the REF in December 2012 that provide enhanced structure and transparency to the fund.

In the first deployment of funds under the new Rules and Regulations on April 22, the RIEDC Board approved \$184,334 in grants to seven companies in the first round of 2013 funding. These projects support commercial and small-scale solar energy projects that will produce electricity in a cleaner, more sustainable manner and contribute to greener homes and businesses.

In 2013, the REF also established a Renewable Energy Fund Advisory Board to assist fund staff in recommending projects to the RIEDC Board for approval.

TAX INCENTIVES

In addition to business financing, RIEDC also helps to administer the following state tax incentive programs:

Project Status – RIGL 42-64-10

(Program suspended by legislation beginning in FY 12; RIEDC managing remaining active agreements)

Firms using bond financing programs offered through the RIEDC or which are given “Project Status” by the RIEDC are exempt from Rhode Island sales tax on construction materials and equipment, furniture, fixtures, machinery, computers, and equipment for the facility that are not already exempt from sales tax under other provisions of the state law, e.g. pollution control equipment. To be considered for project status, a project must result in firm’s wages exceeding the median annual wage by 5 percent (105 percent of median annual wage) for full-time jobs (minimum of 30 hours per week) and must gain approval by the RIEDC.

Distressed Areas Economic Revitalization Act – Enterprise Zones - RIGL 42-64.3

There are currently 10 state-designated enterprise zones. A registered enterprise zone business that grows its employment base by five percent or greater, creating full-time jobs for Rhode Island residents becomes eligible for the enterprise zone state tax credit. The tax credit is equal to 50 percent of the annual wages paid to new full-time Rhode Island resident employees to a maximum of \$2,500 per employee. If the new hires are also residents of an enterprise zone, then the tax credit is equal to 75 percent of the annual wages paid to those new employees to a maximum credit of \$5,000 per employee.

Incentives for Innovation and Growth – RIGL 44-63

(For C-corps only beginning in FY12; No new applicants in FY 12 and FY 13 to date)

Rhode Island offers a tax credit to encourage investment in high-growth, high-wage innovation industries. The tax credit offers investors up to a 50-percent credit on eligible investments, with a maximum tax credit of \$100,000. The credit may be carried forward for a period not to exceed three years.

Jobs Development Act – RIGL 42-64.5

(Administered by Division of Taxation, but subject to RIEDC Board approval and economic analysis)

The Job Development Act offers incremental corporate tax rate reduction that is permanent, as long as the company maintains the same level of employment that it had at the end of the third year following the company’s self-selected base period. New employees must be paid at least 250 percent of the state minimum wage.

Tax Credit and Incentives Report Rhode Island General Laws require the Division of Taxation to annually report a recipient’s name, address and amount of tax incentives received during the previous fiscal year in the following categories:

- Rhode Island Economic Development Corporation Project Status (RIGL § 42-64-10);
- Incentive for Innovation and Growth (RIGL § 44-63-3);
- Jobs Development Act (RIGL § 42-64.5);
- Distressed Areas Economic Revitalization Act – Enterprise Zones (RIGL § 42-64.3);
- Motion Picture Production Tax Credit (RIGL § 44-31.2); and
- Mill Building and Economic Revitalization Act (RIGL § 42-64.9).

A copy of the Tax Credit and Incentive Report for Fiscal Year 2012 can be viewed at <http://www.tax.ri.gov/reports/index.php>.

Appendix B

SUMMARY OF COMMUNICATIONS AND MARKETING

The Communications Department is responsible for the strategic development and daily management of the marketing and communications functions for the RIEDC's focus areas, including both internal and external messaging and communications. Among other functions, members of the department manage the agency website, issue press releases, conduct communication research, coordinate events, provide counsel to RIEDC management and departments, manage local and national media, and spearhead strategic communication campaigns.

The RIEDC communications team has worked with agency departments, the Governor's Office, and external partners to advance and support a wide range of critical economic development initiatives, as previously described in this report, including:

- a) America's Cup
- b) Statewide media and site selection consultant familiarization tours
- c) Community Business Outreach Forums
- d) Export trade missions
- e) Marketing of Economic Growth Centers
- f) Community Business Outreach Forums (continued from FY 2012)
- g) Export Trade Missions (continued from FY 2012)
- h) Sustainable Communities economic data report
- i) Urban Initiatives/Roger Williams University partnership
- j) New RIEDC website redesign process

Media Value* 7/1/11-6/30/12	
Total Articles	1,512
Total Impressions	544,562,626
Total Media Value	\$13,112,322

Media Value* 7/1/12-2/27/13	
Total Articles	991
Total Impressions	128,430,009
Total Media Value	\$12,378,138

*Source: Burrelle's Luce

Appendix C

SUMMARY OF LEGAL MATTERS

Rhode Island Economic Development Corporation v. Wells Fargo Securities, LLC, et al. Rhode Island Superior Court, Providence County, Civil Action Number: PB12-5616. RIEDC has filed suit against the named defendants with regard to the Job Creation Guaranty Program Taxable Revenue Bonds (38 Studios, LLC Project), Series 2010 dated November 2, 2010. Wistow, Baryllick, Sheehan & Loveley, PC has been retained as special counsel to represent RIEDC in this matter which is currently in the early stages of litigation.

Estate of Juan Molina, by and through Stephanie Molina, as Administratrix of the Estate of Juan G. Molina et al. v. Senesco Marine, LLC et al. Rhode Island Superior Court, Providence County, Civil Action Number: PC12-1810. RIEDC was named as a defendant in this tort action as it is the owner and Landlord of the property where the accident occurred. Thomas Muzyka of Clinton & Muzyka, P.C. has been appointed as defense counsel by Traveler's Insurance. Shechtman Halperin Savage, LLP in its capacity as general counsel to RIEDC is supervising defense counsel. RIEDC contests any liability and is defending the action.

Michael Russ v. Allied Barton Security Services, LLC, et al. Rhode Island Superior Court, Providence County, Civil Action Number: PC13-0802. RIEDC was named as a defendant in this tort action as it is the owner and landlord of the Providence Place Mall where the incident occurred. RIEDC has made a demand for indemnification from the tenant in accordance with the terms of the lease for the Mall property. RIEDC contests any liability and is defending the action.

Appendix D

SUMMARY OF TRAINING COURSES

In January and February 2011, in accordance with R.I.G.L. §42-64-8(a)(4), the RIEDC executive director and legal counsel conducted an individual orientation and training course session with each of the new members of the RIEDC Board. During the training course, board members were instructed on and were provided copies of the legislation creating and governing RIEDC, the Access to Public Records Act, the Open Meetings laws and the Code of Ethics.

No such training was required for FY 2012, as no new members joined the RIEDC Board during that time period.

RIEDC has and will continue to conduct training for new members who have joined the RIEDC Board in 2013.

Appendix E

BOARD INFORMATION

Current RIEDC Board Members

The Honorable Lincoln D. Chafee, Chair
Governor, State of Rhode Island

Jerauld Adams, Vice Chair
President, North American Industries

Karl Wadensten, Treasurer
President, Vibco, Inc.

Shannon Brawley – *confirmed March 2013*
Executive Director, RI Nursery & Landscape Association

Nancy Carriuolo, Ph.D. – *confirmed March 2013*
President, Rhode Island College

Judith Diaz – *confirmed May 2013*
Director, Lifespan Community Health Services

Roland Fiore – *confirmed March 2013*
President, South County Sand & Gravel Co.

Elizabeth Francis – *confirmed May 2013*
Executive Director, RI Council for the Humanities

Tim Hebert – *confirmed May 2013*
CEO, Atrion Networking Corporation

Jason Kelly – *confirmed April 2013*
Executive Vice President, Moran Shipping Agencies, Inc.

George Nee
President, AFL-CIO of Rhode Island

Stanley Weiss
Partner, Stanley Weiss Associates

Recent RIEDC Board Members

Timothy Babineau, MD – *through May 2012*
President and CEO, Rhode Island Hospital, The Miriam Hospital

David Dooley, Ph.D. – *through March 2013*
President, The University of Rhode Island

Helena Buonanno Foulkes – *through June 2012*
Executive Vice President/Chief Health Care Strategy and Marketing Officer, CVS

Stephen Lane – *through May 2012*
Co-Founder, Chairman and Chief Venture Officer, Ximedica

J.L. “Lynn” Singleton – *through May 2012*
President, Providence Performing Arts Center

Cheryl W. Snead – *through March 2013*
President & CEO, Banneker Industries

Daniel Sullivan, Jr. – *through April 2013*
President & CEO, Collette Vacations

Jack K. Templin – *through April 2013*
President, Lockify.com; Betaspring.com

RIEDC Board Meetings

July 2011- April 2013

For meeting minutes, visit the Secretary of State’s website at sos.ri.gov/openmeetings and under “Economic Development Corporation, Rhode Island.”

July 25, 2011
August 22, 2011
September 26, 2011
October 24, 2011
November 28, 2011
December 19, 2011

February 6, 2012
February 27, 2012
March 26, 2012
April 23, 2012
May 16, 2012
May 21, 2012
June 25, 2012

July 23, 2012
August 27, 2012
September 24, 2012
October 22, 2012
November 29, 2012
December 17, 2012

January 28, 2013
March 4, 2013
April 22, 2013



RIEDC

Rhode Island
Economic Development Corporation

Rhode Island Economic Development Corporation
315 Iron Horse Way, Suite 101
Providence, Rhode Island 02908
(401) 278-9100
(401) 273-8270 FAX
www.riedc.com

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