

# RHODE ISLAND COMMERCE CORPORATION

ANNUAL REPORT  
JULY 1, 2014-JUNE 30, 2015



BLOCK ISLAND NAMED  
#5 BEST U.S. ISLAND FOR  
FAMILY VACATIONS”

— *Condé Nast Traveler*  
Readers’ Choice

LETTER FROM THE PRESIDENT 4-5

BOARD OF DIRECTORS 6-7

OVERVIEW 8-9

CLIENT SERVICES 10-13

FINANCING VEHICLES 14-19

TOURISM INDUSTRY MARKETING 20-21

INTERNATIONAL TRADE 22-25

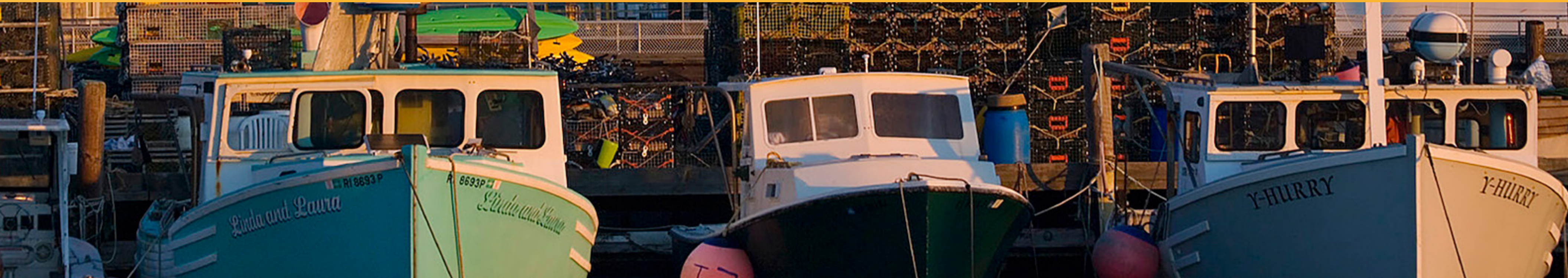
FEDERAL PROGRAMS 26-29

INNOVATION PROGRAMS 30-33

ON THE HORIZON 2016 34-35

2016 INCENTIVES 36-37

LEGAL 38-39



**Dear Stakeholders,**

It's an exciting time to be involved with the Rhode Island Commerce Corporation. The State, through the leadership of Governor Gina M. Raimondo and Secretary of Commerce Stefan Pryor, is building a portfolio of investments that will lead the way for workforce development, advanced industries, enterprise innovation, visitor attraction, business expansion and recruitment.

In 2014 the General Assembly recognized the need for an infrastructure capable of supporting a new economic development approach, and created the Executive Office of Commerce (EOC). In 2015, after working closely with the EOC, the General Assembly voted to approve a suite of new economic development tools. Simply put, 2015 was a year of setting the stage for growth.

I am proud to be part of a team that makes innovative and accelerating progress possible. I want to give special thanks to my predecessor Marcel Valois and our entire team for their tireless effort helping Rhode Island businesses grow and prosper.

Respectfully,



Darin Early  
President & COO



PROVIDENCE IS THE  
#1 CITY TO RAISE KIDS  
IN AMERICA”

—Destination Tips



## COMMERCE CORPORATION BOARD OF DIRECTORS

**The Honorable Gina M. Raimondo**  
Chair  
Governor,  
State of Rhode Island

**Ronald P. O'Hanley**  
Vice-Chair  
President & CEO,  
State Street Global Advisors

**Karl Wadensten**  
Treasurer  
President, Vibco, Inc.

**Bernard V. Buonanno III**  
Managing Director,  
Nautic Partners

**Nancy Carriuolo, Ph.D.**  
President, Rhode Island College

**Oscar T. "Tim" Hebert**  
CEO, Atrion Networking  
Corporation

**Mary Jo Kaplan**  
Executive at Loomio; Principal,  
Kaplan Consulting

**Jason E. Kelly**  
Executive Vice President, Moran  
Shipping Agencies, Inc.

**Mary F. Lovejoy**  
Vice President & Treasurer,  
Textron, Inc.

**Michael F. McNally**  
Former President & CEO,  
Skanska USA

**George Nee**  
President,  
AFL-CIO of Rhode Island

**Donna M. Sams**  
Owner/Partner, Centered Change;  
Partner/Sr. Consultant,  
Spencer Consulting Group

**Vanessa Toledo-Vickers**  
Director of Operations,  
Academy for Career Exploration

## EXECUTIVE OFFICE OF COMMERCE

**Stefan Pryor**  
Secretary of Commerce State of  
Rhode Island

**Wade Gibson**  
Chief of Staff  
Executive Office of Commerce  
State of Rhode Island

**Jeremy Licht**  
General Counsel  
Executive Office of Commerce  
State of Rhode Island

## COMMERCE CORPORATION

**Darin Early**  
President & COO  
Rhode Island Commerce  
Corporation

**Marcel Valois**  
Senior Economic Development  
Advisor  
Rhode Island Commerce  
Corporation

**Lisa Lasky**  
Chief Financial Officer  
Rhode Island Commerce  
Corporation

**Elizabeth Tanner**  
Executive VP of Client Services  
Rhode Island Commerce  
Corporation

**Bill Ash**  
Managing Director of Financial  
Services  
Rhode Island Commerce  
Corporation

**Dan Jennings**  
Senior Economic Development  
Advisor  
Rhode Island Commerce  
Corporation

**Jesse Saglio**  
Managing Director, Head of  
Investments  
Rhode Island Commerce  
Corporation

# PROVIDENCE NAMED ONE OF AMERICA'S 50 BEST COLLEGE CITIES”

—WalletHub

## NEW ADMINISTRATION

On January 6, 2015, Gina M. Raimondo was sworn in as the 75th governor of Rhode Island. In her inaugural address, she laid out a vision to stop Rhode Island's economic decline and ignite its comeback. This comeback will occur in phases—each with the twin goals of building our state's advanced industries, those that sustain high-wage job growth and supporting those parts of our economy where our state has a strategic advantage. Based on these principles our economic development strategy is simple: attract new companies to invest and create jobs in RI, encourage our existing businesses to expand and grow, and stimulate private investment in real estate by reducing our state's tax burden, ensuring state government is a partner to business and strategically deploying incentives to support these efforts.

At the Governor's direction, the Commerce Corporation and the newly created Executive Office of Commerce, led by Secretary of Commerce Stefan Pryor, reviewed the state's existing economic development initiatives and assessed Rhode Island's regional competitiveness. This effort revealed that many states—including Rhode Island's neighbors—already had strong tools to support business growth. Without competitive programs, Rhode Island was at a severe disadvantage. It was time that Rhode Island start punching above—not below—its weight. 2015 was the year Rhode Island “got in the game.”

## DESIGNING ECONOMIC TOOLS FOR GROWTH

During the 2015 legislative session, the Commerce Corporation worked closely with the Governor, the EOC and leaders in both chambers to level the playing field by developing powerful incentives that will help grow Rhode Island's economy. The General Assembly overwhelmingly supported this suite of economic tools focused on creating job opportunities for Rhode Island's citizens.

Among the new economic development initiatives are incentive programs that encourage businesses to create jobs and invest in capital assets that will spur Rhode Island's growth. The Qualified Jobs Incentive program offers annual, redeemable tax credits for up to 10 years to companies expanding their workforce in Rhode Island or relocating jobs here from out of state. Similarly, the Rebuild Rhode Island Tax Credit program bridges real estate project financing gaps through redeemable tax credits covering up to 20 percent, and in some cases 30 percent, of project costs.

Also included in Rhode Island's growing toolbox of economic development initiatives are innovation-focused initiatives that enhance business growth through the promotion of R&D, talent recruitment of talent and promotion of entrepreneurship.

The Innovation Voucher program enables companies to partner with faculty members at Rhode Island colleges and universities on R&D that will grow products and businesses. The Industry Cluster Grant program encourages clusters of companies in

an industry sector to work together to solve problems, exchange ideas and develop talent.

As a result of the realization that Rhode Island's comeback starts with its people, the state's new tools included several key workforce development initiatives.

The competitive Wavemaker Fellowship reimburses annual student loan payments for four years for college graduates pursuing careers in the STEM fields. The P-TECH program creates lasting partnerships between public high schools, the Community College of Rhode Island and Rhode Island employers to grow the state's skilled workforce.

### The full suite of new economic tools includes:

- Qualified Jobs Incentive
- Rebuild Rhode Island Tax Credit
- First Wave Closing Fund
- Main Street Streetscape Improvement Fund
- Anchor Institution Tax Credit
- P-Tech
- Tax Stabilization Incentives
- Innovative Vouchers
- Tax Increment Financing
- Network Matching Grants
- Industry Cluster Grants
- Small Business Assistance
- Wavemaker Fellowship Loan
- STAC/SBIR Match

## DEPLOYING PROGRAMS AND PREPARING TO MEASURE RESULTS

As the tools to regain Rhode Island's economic competitiveness were put into place, the Commerce Corporation took steps to execute the Governor's economic development strategy. These steps included hiring key staff members to administer new programs, building an accountability process for the Commerce Corporation's initiatives

and preparing to measure the programs' results.

The effective administration of the Commerce Corporation's new incentive programs required the experience and expertise of dedicated investment professionals, program managers and other key team members. This staff will grow over the next fiscal year as the Commerce Corporation realigns its organizational structure to ensure the right professionals and teams are in place to implement the programs underlying the state's broader economic development strategy.

In building Rhode Island's new economic development tools, the Commerce Corporation worked closely with the EOC and General Assembly to design statutory safeguards that protect taxpayer dollars by incorporating mechanisms that reduce and eliminate risk. The Commerce Corporation is similarly committed to developing processes and procedures that prioritize risk management, accountability and transparency. For new economic development programs, the Commerce Corporation developed and promulgated regulations with rigorous requirements aimed at reducing risk. Risk analysis standards guide the staff's evaluation of applications for tax credits and other financial transactions. Furthermore, awards under the Commerce Corporation's investment programs are subjected to a two-level review by the Commerce Corporation's board of directors. Over the next fiscal year, the Commerce Corporation will measure outcomes as programs are implemented and investment capital is deployed into the market.

## LOOKING AHEAD

At the close of fiscal year 2015, the Commerce Corporation is well positioned to demonstrate a year of continued growth for the organization—particularly in programmatic and investment activity—as well as show early results for the programs and overarching economic development strategy designed in fiscal year 2015.

## CLIENT SERVICES

The Client Services team at the Commerce Corporation serves as a single point of contact for businesses in Rhode Island. It provides professional and coordinated assistance, playing a vital role to all who seek its services.

By building relationships and aligning resources, the team has tapped into a statewide network of resources for every growth stage of a business—from startups to mature companies looking to grow and diversify. It provides exemplary customer service to businesses in need—responding to all inquiries in 24 hours or less and saving companies valuable time and money, making it an essential resource for anyone seeking to do business in Rhode Island.

Ultimately, the goals of the Client Services team are to encourage entrepreneurship for businesses of all sizes, advance the global competitiveness of Rhode Island companies and promote the state's attractiveness as a smart place to do business.

545

545 BUSINESS ACCOUNTS

3,916

3,916 CLIENT INTERACTIONS

### DASSAULT SYSTÈMES

With the help of the Commerce Corporation, Dassault Systèmes (DS) SIMULIA moved into its new 100,000-square-foot space located in the Northwoods Office Park in Johnston in November 2014. The Commerce Corporation supported the site-search process by identifying Providence office sites and expanding to the greater Providence metro area, finally isolating the new development project that was selected to accommodate more than 350 Rhode Island-based employees. The ribbon-cutting ceremony was held on December 9, 2014. DS is a French-owned, international software-design company supporting system engineering and manufacturing companies and their products with 3D software.

### ATLANTIC PRODUCE, INC. (dba Boston Greens)

The Commerce Corporation hosted Atlantic Produce in 2013 and began supporting its efforts to establish a new business model of growing leafy vegetables and herbs. As Atlantic Produce was identifying locations in the Northeast, the Commerce Corporation introduced the company to the University of Rhode Island College of Environment and Life Sciences (CELS), which led to the signing of a R&D agreement providing the company a third-party validation of its growing process and students to work in a new hydroponic greenhouse. Atlantic Produce officially opened Rhode Island's first commercial, high-tech hydroponic greenhouse in the summer of 2015 and launched the Boston Greens™ line of herbicide-free, pesticide-free produce grown year-round and distributed throughout southeastern New England.

### GREENCORE USA

Greencore is an Irish-based, multinational global leader in convenience foods and the largest manufacturer of fresh sandwiches worldwide. When Greencore USA, the company's North American presence, needed to expand its production facility in the Northeast, the company chose the Quonset Business Park in Rhode Island. Centrally located between Boston and New York, Rhode Island presented an ideal location. Greencore executives were enthused with Quonset's incentives, which reward longer-term leases and job creation based on payrolls, and Site Readiness Program. Greencore had a tight schedule—less than 14 months to build a 107,000-square-foot green-field, state-of-the-art fresh-prepared-food facility, almost twice the speed of a normal project. The Commerce Corporation worked with other agencies to expedite the development timeline offered. Only 11 months elapsed between groundbreaking and the start of operations in April 2015.

### ARTIC TOOL & ENGINEERING COMPANY

When the Carlyle Johnson Machine Company (CJMC)—the Connecticut-based parent company of Artic Tool & Engineering Company—decided to embark on an aggressive growth plan through new product offerings and advanced product development, it needed an alternative to its facility in Warwick, RI. The Rhode Island Commerce Corporation stepped in to assist Artic Tool in its new site location search. Once a new location was identified in Smithfield, Artic Tool's Client Service Advisor at the Commerce Corporation worked with the Commerce Corporation's financial products team to secure a SBA 504 loan so Artic Tool could purchase the new facility.

## CLIENT SATISFACTION



### CUSTOMER SERVICE



4.72 OUT OF 5



### PROFESSIONALISM



4.76 OUT OF 5



### TIMELINESS



4.69 OUT OF 5



### UNDERSTANDING NEEDS



4.70 OUT OF 5



### KNOWLEDGE



4.70 OUT OF 5



### OVERALL



4.72 OUT OF 5

## VOLVO OCEAN RACE NEWPORT

The Commerce Corporation was responsible for coordinating public safety at this marquee event. Our scope of work included managing private security consultants, private security guards, private ambulance service, Newport Police and Fire, the Rhode Island Department of Environmental Management Police, Rhode Island State Police, the Rhode Island Emergency Management Agency and the Civil Support Team that used the race for training purposes.

The Commerce Corporation was also responsible for field services including ADA compliance, sanitation, logistics and coordination of other state agencies to ensure all proper permits and licenses were obtained as they related to public safety and planning.



**TEAM ALVIMEDICA**  
was skippered by Bristol, RI, native Charlie Enright



**NEWPORT**  
was the only stopover in North America



**125,000**  
visitors over 13 days & ranked ahead of the Abu Dhabi stopover



**PLATINUM LEVEL**  
certification as a Clean Regatta



**\$47 MILLION**  
in economic impact as reported by Sail Newport



**SEVENTH PORT**  
to be confirmed for the 2018 race



**#1 BEST PLACE TO VISIT IN THE U.S.A. FOR SAILING"**

—*Condé Nast Traveler*

PROVIDENCE  
NAMED ONE OF  
THE TOP 100 BEST  
PERFORMING LARGE  
CITIES IN THE U.S.”

—Milken Institute

#### REVENUE BONDS

The Commerce Corporation issues revenue bonds in the form of conduit financing. With the exception of Job Creation Guaranty Moral Obligation Bonds, the Commerce Corporation-issued bonds carry little to 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 proceeds 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 of 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, rehabilitation of existing buildings, and new or used machinery and equipment. This program offers borrowers debt insurance on tax-exempt and taxable bonds, as well as conventional mortgages.

## BONDS & NOTES ISSUED TO THE FOLLOWING

**\$75,000,000**

HISTORIC STRUCTURES TAX CREDIT

**\$42,980,000**

RHODE ISLAND AIRPORT  
CORPORATION

**\$2,117,700**

ASHAWAY PINES

**\$120,097,700**

TOTAL BONDS ISSUED

\*Public instrumentalities of the State of Rhode Island having distinct legal existence from the State and the Commerce Corporation.



## SMALL BUSINESS LOAN FUND (SBLF)\*

A key to growth is access to capital. For smaller Rhode Island-based manufacturing, processing and selected services businesses looking for a direct, fully secured loan, the SBLF provides an infusion of cash for working capital up to \$500,000. Manufacturers seeking financing for the acquisition of land, buildings and equipment may qualify for loans in excess of this \$500,000 limit.

\*Subsidiary of the Commerce Corporation with a distinct legal existence, administered by SBLF Corporation

10 BUSINESSES  
RECEIVED  
\$2,575,000

\$2,575,000

## CHRONOMATIC

SBLF provided financing for the upgrading of the company's HVAC system to a highly efficient system.

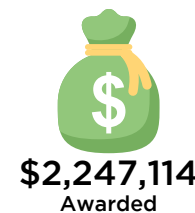
Chronomatic, Inc., manufactures and sells "recognition and promotional jewelry" that acknowledges and symbolizes personal achievement and organizational identity—such as athletic award rings and branded keychains. For more than 50 years, Chronomatic has been passionate about delivering a superior product—one that is unique, of uncompromising quality and recognized as having high-perceived value.

1. Chronomatic signed a new contract with the U.S. Navy as the vendor/supplier for the U.S. Navy Exchanges worldwide and manufacturer of Navy logo-driven jewelry.
2. Chronomatic was commissioned by United States Military Academy (USMA) at West Point to design and manufacture a commemorative pin for former U.S. Secretary of State Madeleine Albright. This gift was presented to her during her visit to West Point's student conference on U.S. Affairs.
3. Launched the new sales and marketing campaign, joined Promotional Products Association International (PPAI)—reaching more than 2,000 distributors (potential customers).
4. Partnered with a new distributor representing their products in all of the military branches: USMC, AAFES, Army, Coast Guard and Navy.

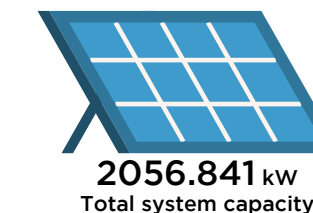
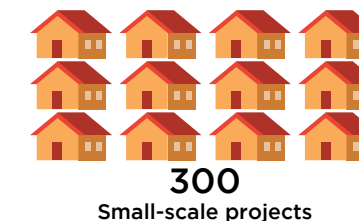
## RENEWABLE ENERGY FUND (REF)

The REF provides grants for renewable energy projects with the potential to generate electricity in a cleaner, more sustainable manner while stimulating job growth in Rhode Island's green technology and energy sectors of Rhode Island's economy. Using funds from the "system benefit charge" on electric bills and Alternative Compliance Payments, the Commerce Corporation funds renewable energy projects through Small Scale Solar grants, Commercial Scale grants and Pre-Development Feasibility loans.

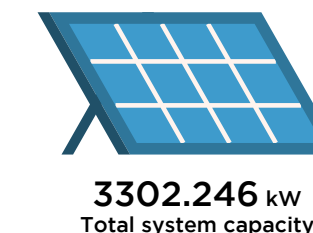
In late 2014, the REF launched a partnership with the Rhode Island Office of Energy Resources and SmartPower to manage the Solarize Rhode Island program. Numerous business owners have signed contracts for small-scale solar electricity systems with the program. In addition, hundreds more have been educated about the economic and environmental benefits of solar electricity, energy efficiency and other clean energy technologies. Selected municipalities and installers are chosen each round to participate.



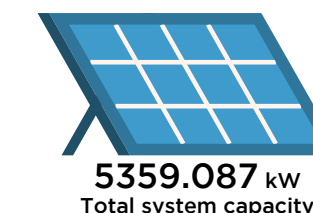
### SMALL-SCALE



### COMMERCIAL-SCALE



### TOTAL



# OCEAN HOUSE NAMED #19 OF THE WORLD'S TOP 50 HOTELS"

—Travel & Leisure

Rhode Island Tourism\* is responsible for promoting domestic and international tourism to Rhode Island by working closely with the local tourism regions throughout the year, by maintaining and activating the state's tourism website, earned media coverage, publications and travel trade.

## VISIT RHODE ISLAND WEBSITE

The visitrhodeisland.com website continued to perform well, reaching more than 1 million unique visitors in FY2015. Website traffic patterns indicated 90 percent of interest is coming from within 250 miles of the state.

## PUBLICATION

The Commerce Corporation continued 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. Guides are used to fulfill more than 50,000 direct inquiries annually and are distributed through AAA offices in the Northeast, hotel rooms in market, consumer and trade events, and visitor information centers statewide.

## TRAVEL TRADE

The Commerce Corporation created more than \$100,000 in partnerships for which cash or traded services helped defray programming costs. Staff hosted or attended six travel trade conferences and events, generating more than 250 tour operator meetings and more than \$500,000 in realized or anticipated tourism and hospitality revenue.

## THE BIG E

The Commerce Corporation manages and operates the Rhode Island building at the Big E, the fifth-largest fair in the country and the largest consumer event in New England. More than 1.4 million consumers attend the event over 17 days in September and October each year. The building showcases the state's many diverse recreational and cultural assets.

## EARNED MEDIA COVERAGE

The Commerce Corporation's in-house team targeted media centers in Boston, New York and Chicago, generating more than \$3 million in advertising equivalency for the state. Through the Commerce Corporation's partnership with Discover New England, the region generated \$20 million in earned media in the German market, \$17 million in the United Kingdom market and \$6 million in the Asian market.

\*All concerns activities prior to July 1, 2015

## SOCIAL MEDIA FY15

An impressive social media performance reached millions of potential visitors in FY15. The Commerce Corporation managed four social platforms where engagement exceeded the national average.



**15%**  
INCREASE IN TWITTER  
ENGAGEMENT



**20%**  
INCREASE IN YOUTUBE  
ENGAGEMENT



**40%**  
INCREASE IN FACEBOOK  
ENGAGEMENT



**80%**  
INCREASE IN INSTAGRAM  
ENGAGEMENT

The Rhode Island Commerce Corporation Export Assistance program, a partnership with the John H. Chafee Center for International Business at Bryant University, offers a number of specialized services including customized business matches to foreign sales and distribution channels in over 70 countries, State Trade Expansion Program funding for qualified Rhode Island companies for export promotion activities, business development trade missions to international markets and export seminars on a wide range of trade-related topics.

### MARINE EQUIPMENT TRADE SHOW (METS)

On November 16-21, the partnership of the Commerce Corporation and the Chafee Center organized the first-ever “Best of New England Pavilion” at METS in Amsterdam. The event was designed to support the growing marine and boat-building trade in New England. METS is the biggest and best attended B2B leisure marine equipment show in the world. This year, a record number of 21,086 visitors were welcomed by a record-setting 1,358 exhibitors. Attendees included yacht and boat builders, naval architects, repair yards, distributors, captains, marina developers and equipment manufacturers from around the world.

#### Two Rhode Island-based companies participated this year at the booth and in the USA pavilion:

- GMT Composites, a forerunner in carbon fiber composite innovation and new applications development
- Brooks Marine, nationally recognized as the top management recruiting firm dedicated to serving the marine industry

#### In addition, four other Rhode Island companies were present independently at the show:

- Farsounder, a manufacturer and developer of three-dimensional sonar
- KVH, a developer and manufacturer of digital navigation systems, mobile satellite communication products and fiber-optic gyros for commercial, military and marine markets
- Hall Composites, manufacturing the highest technology composites
- Peerless Chain, a manufacturer and distributor of chain, fittings, overhead lifting products and traction products

In total, four companies received assistance from the STEP program to support their participation. With funding from the STEP program, a representative from the partnership between the Commerce Corporation and the Chafee Center was in attendance at the event to provide direct assistance to participating companies.

#3 BEST AIRPORT  
IN AMERICA”  
—Condé Nast Traveler  
Readers’ Choice

23

23 TRAINING  
EVENTS

154

154 COMPANIES

1,304

1,304 ATTENDEES

**International Trade Training**

The Partnership for International Business continued to provide valuable international trade training programs. A total of 1,304 registrants from 154 companies attended 23 key training events and seminars on timely international trade topics including export compliance, country-specific information, global espionage and export logistics.

**State Trade Export Expansion Funding (STEP)**

The Chafee Center in conjunction with the Commerce Corporation was awarded a \$300,000 STEP Grant (September 2014 to September 2015) from the Small Business Administration (SBA). STEP is a federally funded program designed to help companies increase their exports.

Under the STEP program, the partnership of the Chafee Center and the Commerce Corporation provides dedicated resources to support the needs of Rhode Island small businesses that meet the eligibility requirements of the program. These services include providing free market research, one-on-one consulting and business development assistance.

The program also provided financial assistance to companies for specific projects that are designed to increase their exports, including:

- Booth registration for international trade shows
- Exhibit design and development
- Design and development of international marketing campaigns
- Website translation

- Export training
- Participation in U.S. Department of Commerce programs
- Trade show participation

**World Trade Day**

Hosted by the Chafee Center and Bryant University in partnership with the Commerce Corporation, the 30th Annual World Trade Day was held on May 20, 2015. The theme was "Changing Global Dynamics: Creating Opportunities for New England," and the event focused on featuring local companies as well as prominent business and government speakers who addressed important issues regarding growing the region's international trade. Once again, World Trade Day was a highly successful event, attracting over 600 participants who participated in high-level presentations and breakout sessions on a wide range of topics. Highlights of the event included:

- Maria Contreras-Sweet, administrator of the U.S. Small Business Administration in Washington, D.C., presented the luncheon keynote address.
- Rhode Island Governor Gina M. Raimondo and Massachusetts Governor Charlie Baker participated on a Governors panel moderated by Mark Murphy, editor of *Providence Business News*. This was the first-ever World Trade Day that hosted a Governors panel to talk about mutual efforts to support regional interests and economic growth strategies.
- Dustin Burke, principal with the Boston Consulting Group, and Ray LaHood, former U.S. Secretary of

Transportation, served as keynote speakers in the morning.

- There were three executive panel discussions featuring business leaders from regional companies including A.T. Cross, New Balance, Rogers Corporation, Stanley Black & Decker, TACO, Hope Global, Teknor Apex, Raytheon, Haemonetics and Hexagon Metrology. The presentations and panel discussions focused on changing global dynamics and how they impact the global supply chain, global manufacturing and emerging export markets.
- Seven breakout sessions targeted specific international trade topics relevant to local businesses.
- Networking events brought individuals together to share information, form partnerships and establish stronger ties to the business community.

**Food Export USA**

From 2013 to 2015, Rhode Island food and seafood companies made great progress growing their export sales with the Commerce Corporation's and Food Export-Northeast's assistance. During this three-year period, Rhode Island companies participated in Food Export's programs including buyers missions, Food Show PLUS!™, webinars, seminars, the online product catalog and branded programs, and a cost-share assistance program for international market promotion. These efforts resulted in export sales totaling \$57,889,967 during this three-year period. Additionally, companies had 21 first-time sales to new markets and secured 75 new distributorships abroad. These results mean that

Rhode Island products have greater exposure around the world. Thanks to this partnership, small- and medium-sized Rhode Island companies are expanding overseas.

Food Export uses funding from the Market Access Program (MAP) to help America's small businesses increase their exports of food and agricultural products. As these exports increase, small businesses create jobs and improve the strength and stability of our agricultural economy. Food Export-Midwest and Food Export-Northeast are nonprofit organizations that work in collaboration with their member state departments of agriculture and the USDA's Foreign Agricultural Service. They offer a wide range of programs and services that help boost America's agricultural exports.



**\$19,000,000**  
**GRANTED FOR**  
**MARAD PROJECTS**

**\$19,000,000**

**STEAM ENGINE**

During FY14, the Commerce Corporation received and implemented a technical assistance grant funded principally by the U.S. Economic Development Administration—with supplemental funding from the Commerce Corporation and the Rhode Island Foundation—to assess a design and manufacturing center concept. This effort allowed the Commerce Corporation to subsequently forward a grant proposal to the U.S. Department of Defense Office of Economic Adjustment (OEA). In September 2014, the Commerce Corporation was awarded an OEA grant totaling \$1,575,000. The Commerce Corporation provided \$180,000 in additional funding for a total project value of \$1,755,000. In November 2014, the Commerce Corporation's board of directors approved a contract with Fourth Economy Consulting to assist the Commerce Corporation with implementing the project—a pilot called STEAM ENGINE. The project's goal was to help the state of Rhode Island develop a program that would allow defense manufacturing companies to pursue an accelerated course of market transformation through intensive use of industrial design, engineering and innovation.

Specific deliverables for the project included:

- A database and report that details weaknesses within the defense company ecosystem and makes recommendations on how to focus the efforts described in the other tasks
- The creation of a fully operational Design Readiness Assessment (DRA) program and model for ongoing sustainability of services
- An innovation strategy that will guide future actions and investments related to defense technology innovation
- A framework for a proposed design manufacturing curriculum for use by Rhode Island and regional stakeholders that could be made available to defense manufacturers throughout the country
- Development and publication (via web) of a directory of all equipment that is available for use by defense contractors and the development of a short- and long-range space usage plan

**MARAD**

The Commerce Corporation continued to manage the \$19 million U.S. Maritime Administration (MARAD) project. The Commerce Corporation finalized negotiations and executed a construction contract with Conrad Shipyard in June 2015. The barge funded through the project will be completed in the spring of 2016 and delivered for its use in providing new heavy-lift capabilities at ProvPort, the Greater Metro Port of Providence terminals and other locations throughout Narragansett Bay.

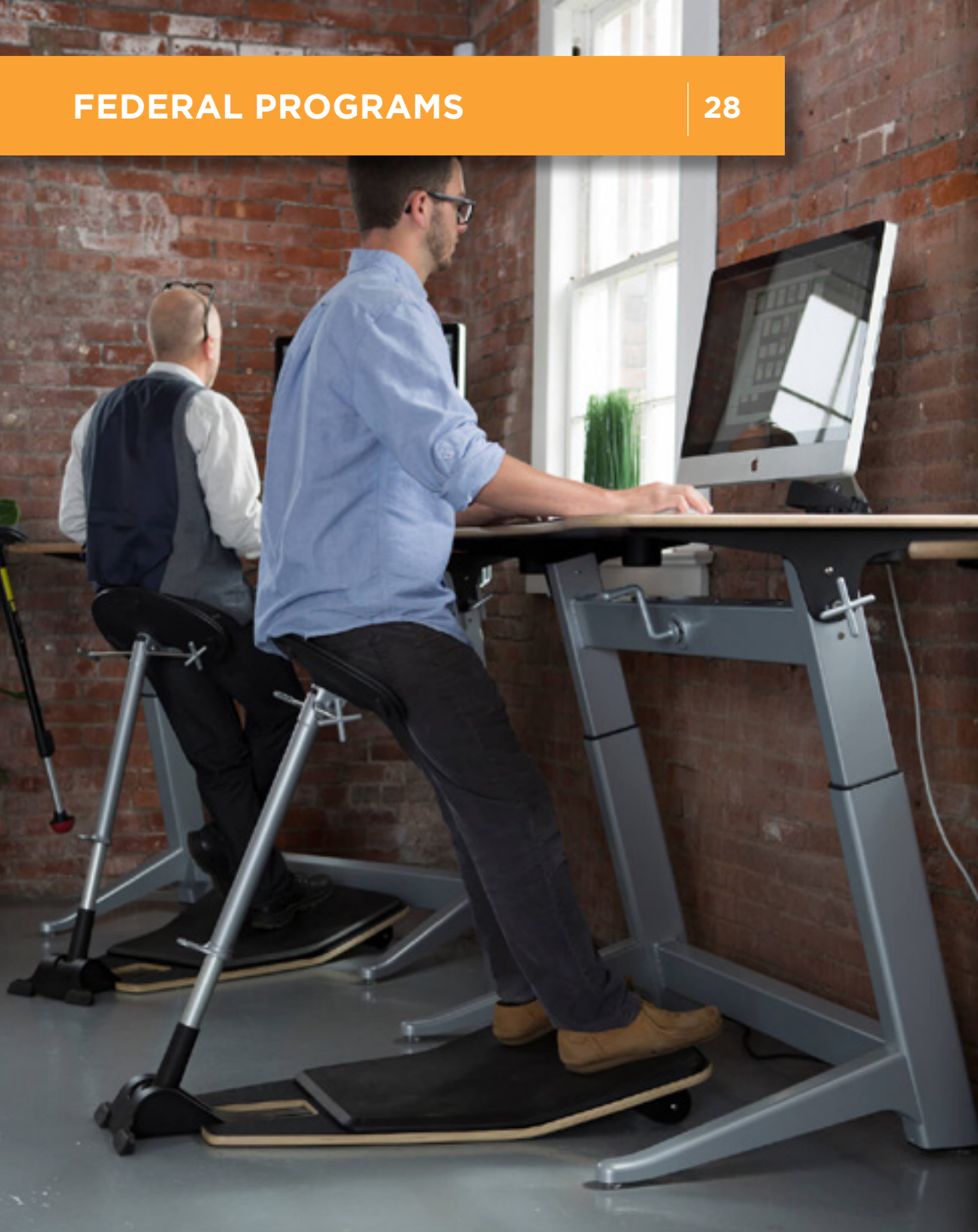
**City Centre Warwick (CCW)**

Alongside partner agencies and local governments (including the Rhode Island Department of Transportation, the Rhode Island Airport Corporation and the City of Warwick), the Commerce Corporation implemented the branding and marketing plan for the CCW transportation-oriented development project. The Commerce Corporation was selected to manage the grant award and to lead and facilitate a progressive advocacy and public awareness plan. As part of this plan, CCW banners were installed in the T.F. Green International Airport terminal building; a streetscape plan was developed for Jefferson Boulevard, Coronado Avenue and Post Road in Warwick; and new street

banners were installed on light poles informing people about CCW and its attributes.

**Greenfins**

The Commerce Corporation continued its advocacy and support for the Greenfins Aquaculture Tuna Center of Excellence (GATCE). These facilitation efforts started with the introduction of Peter Mottur, CEO/founder of Greenfins, to the University of Rhode Island (URI) College of Environment and Life Sciences (CELS) to develop the first U.S.-based tuna research center of excellence, now located at the URI Bay Campus in Narragansett, home of the Graduate School of Oceanography. GATCE is a public-private partnership providing a North Atlantic, U.S.-based platform for collaboration with global researchers and institutions for maintaining and investigating critical elements of tuna biology. Currently, there are no facilities in North America providing researchers with the opportunity to work with large tuna and other pelagic species. The new 4,200-square-foot facility is dedicated to tuna research with a 40-foot-diameter tank holding more than 100,000 gallons of seawater. Construction began in June 2015 and will be ready for tuna brood stock by summer 2016, when the facility will be fully operational.



## PTAC

The Rhode Island PTAC is a member of a nationwide network of 97 federally funded Procurement Technical Assistance Centers providing a variety of services to Rhode Island-based businesses of all sizes to help navigate the complexities of contracting with federal agencies, state purchasing departments and local governments. RI PTAC is a partner program of the Commerce Corporation. RI PTAC services are free to all Rhode Island businesses.

RI PTAC helps businesses with government registrations, bid match profiles, market research, capture management and contract requirements. Its staff guides businesses through all facets of contracting including acquisition planning, subcontracting, solicitation analysis, proposal development, dispute mitigation, cost/price analysis and post-award administration. The RI PTAC team has significant hands-on industry and government experience in business development, contracts management and administration.

PTAC clients: 271  
 Counseling hours with clients: 1,688  
 Training and outreach events: 45  
 Federal and state contracts awarded: \$30,044,398

PTAC clients represent a number of industries, including construction, marketing and advertising, staffing services, food production and distribution, composites R&D and manufacturing, architects and engineers, manufacturers, and boat builders.

Clients reported prime and subcontract awards from various agencies and private-sector contractors. For example:

- NASA
- U.S. Department of Navy
- U.S. Department of Homeland Security
- General Services Administration
- Defense Logistics Agency
- U.S. Federal Aviation Administration
- U.S. Missile Defense Agency
- State of Rhode Island
- Commonwealth of Massachusetts
- General Dynamics
- Raytheon
- Boeing

## BROADBAND

Broadband Rhode Island (BBRI) launched and finalized broadband data collection and technical feasibility studies for the underserved communities of Aquidneck and Block Islands. The “Aquidneck Island Broadband Analysis and Recommendations” report and the “Town of New Shoreham Broadband Plan and Network Designs” report were published in January 2015.

BBRI worked closely with the Senate Policy Office to create the agenda for the Broadband Legislative Commission and represented the Commerce Corporation at the commission meetings contributing to the commission’s final report.

Other accomplishments in FY15:

- Publishing the final BBRI report entitled “Broadband Priorities for Rhode Island 2015-2020”
- Transitioning the BBRI Digital Literacy Program to the Rhode Island Adult Education Professional Development Center
- Creating new digital literacy instructor modules to support the state’s initiative with Northstar Digital Literacy Assessment and Certification and conducting a pilot instructor training session

- Compiling and transferring the complete file of BBRI broadband data to the Rhode Island Emergency Management Agency, which will continue to use the data in its FirstNet planning efforts
- Participating in negotiations between the Town of New Shoreham (Block Island) and National Grid to secure a long-term lease for eight strands of fiber that will be connected to the mainland
- Initiating the grant closeout process

## RHODE ISLAND SCIENCE AND TECHNOLOGY ADVISORY COUNCIL (STAC)\*

The Rhode Island STAC is dedicated to creating economic opportunity and job growth by making Rhode Island a world-class center for R&D built on our unique strengths in science, engineering and design. STAC oversees two programs. The Rhode Island Research Alliance Collaborative Research Grant program provides seed grants to projects that have great potential to build research capacity across institutions and to advance the competitiveness of Rhode Island researchers to secure follow-on funding. The Innovate Rhode Island Small Business Fund (IRISBF) helps Rhode Island small businesses with fewer than 50 employees get needed access to capital in the early stages of R&D and supports internships for Rhode Island students.

\*Independent of the Commerce Corporation, administered by Commerce Corporation staff

### Rhode Island Research Alliance Collaborative Research Grant

In FY15, the program awarded six grants to teams engaged in projects that directly addressed the overarching questions guiding Rhode Island's National Science Foundation Experimental Program to Stimulate Competitive Research (EPSCoR): What is the effect of climate change on marine plant and animal life in Narragansett Bay? Working collaboratively, these scientists brought together expertise from multiple disciplines to seek answers to how marine organisms are reacting to temperature and chemical changes in their habitats, what the impact of these changes on the food web is and how all of this is impacting the bay's susceptibility to increased parasites and pathogens.

#### Collaborative Research Grant awardees:

#### “Diatom Community Composition as an Indicator of Coastal Ecosystem Change” (\$158,722)

This project brings together four scientists from different fields to explore coastal biogeochemical responses to climate change and develop new assessment tools for monitoring ecological change:

- Rebecca Robinson, University of Rhode Island
- Tatiana Rynearson, University of Rhode Island Graduate School of Oceanography
- Warren Prell, Brown University
- David Murray, Brown University

#### “Canaries in Narragansett Bay? Untangling the Ecological Response of a Key Diatom Genus to Environmental Change” (\$118,895)

This project links an academic scientist with expertise in genetics and a federal agency scientist with expertise in predictive modeling to examine how the base of the food web in Narragansett Bay is changing in response to changes in environmental conditions:

- Tatiana Rynearson, University of Rhode Island Graduate School of Oceanography
- Jason Gear, U.S. Environmental Protection Agency

#### “Marine Disturbance Disease and Climate Change in Rhode Island's Coastal Waters: Merging Higher Trophic Level Population Dynamics Models/Datasets with Lower Trophic Level Climate Forecast Models” (\$139,952)

This team uses physical oceanography and aquatic pathology to integrate historic datasets to understand the relationship between physical and chemical changes in the ocean and various health issues affecting coastal fish and shellfish of commercial interest:

- Lewis Rothstein, University of Rhode Island, Graduate School of Oceanography
- Kathleen Castro, University of Rhode Island
- Marta Gomez-Chiarri, University of Rhode Island
- Roxanna Smolowitz, Roger Williams University

#### “A Proteomics Approach to Analyzing Phenotypic Plasticity versus Adaptation in the Response of Marine Invertebrates to Climate Change” (\$131,799)

This team studies the proteins in a common invasive marine species to determine if it is adapting to local stress factors within one generation or going through genetic changes over multiple generations. The findings will be used to predict the impact on economically important fisheries and aquaculture:

- Steven Irvine, University of Rhode Island
- Niall Howlett, University of Rhode Island
- Thomas Meedel, Rhode Island College
- James Clifton, Brown University

#### “Pushing to New Limits for Models of RI Bays and Sounds” (\$160,449)

This trans-disciplinary project combines expertise in coastal waterway modeling and supercomputing model development to create a new 3D modeling tool that extends our existing ability to understand coastal turbulence for such things as risk assessment, infrastructure planning, tracking of toxic spills and fisheries/aquaculture management:

- Baylor Fox-Kemper, Brown University
- Lewis Rothstein, University of Rhode Island Graduate School of Oceanography
- Christopher Kincaid, University of Rhode Island Graduate School of Oceanography
- David Ullman, University of Rhode Island Graduate School of Oceanography

- Edward Durbin, University of Rhode Island Graduate School of Oceanography
- Dale Leavitt, Roger Williams University
- David Taylor, Roger Williams University

#### “Narragansett Bay Apex Predators' Response to Toxic Chemicals and Climate Change” (\$104,225)

Working in partnership with the federal Environmental Protection Agency, a research scientist with expertise in shark biology and molecular toxicology studies the sensitivity of predators to persistent chemicals in Narragansett Bay:

- Rebeka Rand Merson, Rhode Island College
- Diane Nacci, United States Environmental Protection Agency



## INNOVATE RHODE ISLAND SMALL BUSINESS FUND

Small businesses need capital to innovate, expand and succeed. The Innovate RI Small Business Fund provides grants to assist local entrepreneurs and high-growth startups to defray the costs of applying for federal SBIR/STTR grants, match Phase I and Phase II awards and hire interns.

\$380,797

TOTAL GRANTED FUNDS

\$380,797

38  
38 GRANTS

## INNOVATE RI

In 2013, to foster job creation, facilitate small business development and enhance the workforce pipeline, the Rhode Island General Assembly created the IRISBF. Through a variety of programming supported by the fund, eligible Rhode Island small businesses may apply for grants to defray the cost of applying for SBIR/STTR awards, match SBIR/STTR Phase I awards and hire interns. The goals of the program are to:

- Leverage state funds to encourage and support Rhode Island entrepreneurial participation in the federal SBIR/STTR programs
- Increase the amount of federal research dollars received by Rhode Island firms
- Sustain companies through the early stages of product development
- Encourage the establishment of high-potential, high-quality, high-growth ventures in Rhode Island
- Enhance the talent pipeline in the life sciences and engineering fields

The federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs represent the largest source of early-stage, high-risk technology financing in the United States. Eleven federal agencies participate in this program that provides over \$2 billion for early-stage R&D projects leading to commercialization of resulting products or services. The programs are designed to benefit entrepreneurs and small businesses while increasing the competitiveness of the U.S. economy by funding the development of innovative products and services. Agencies award grants to explore the technical merit of an idea or technology in response to a specific agency topical need. The IRISBF provides grants of up to \$3,000 to assist small businesses in offsetting the costs associated with preparing a competitive Phase I SBIR/STTR application and matching grants of up to \$45,000 to encourage recipients of SBIR/STTR Phase I awards to pursue the more substantial Phase II awards.

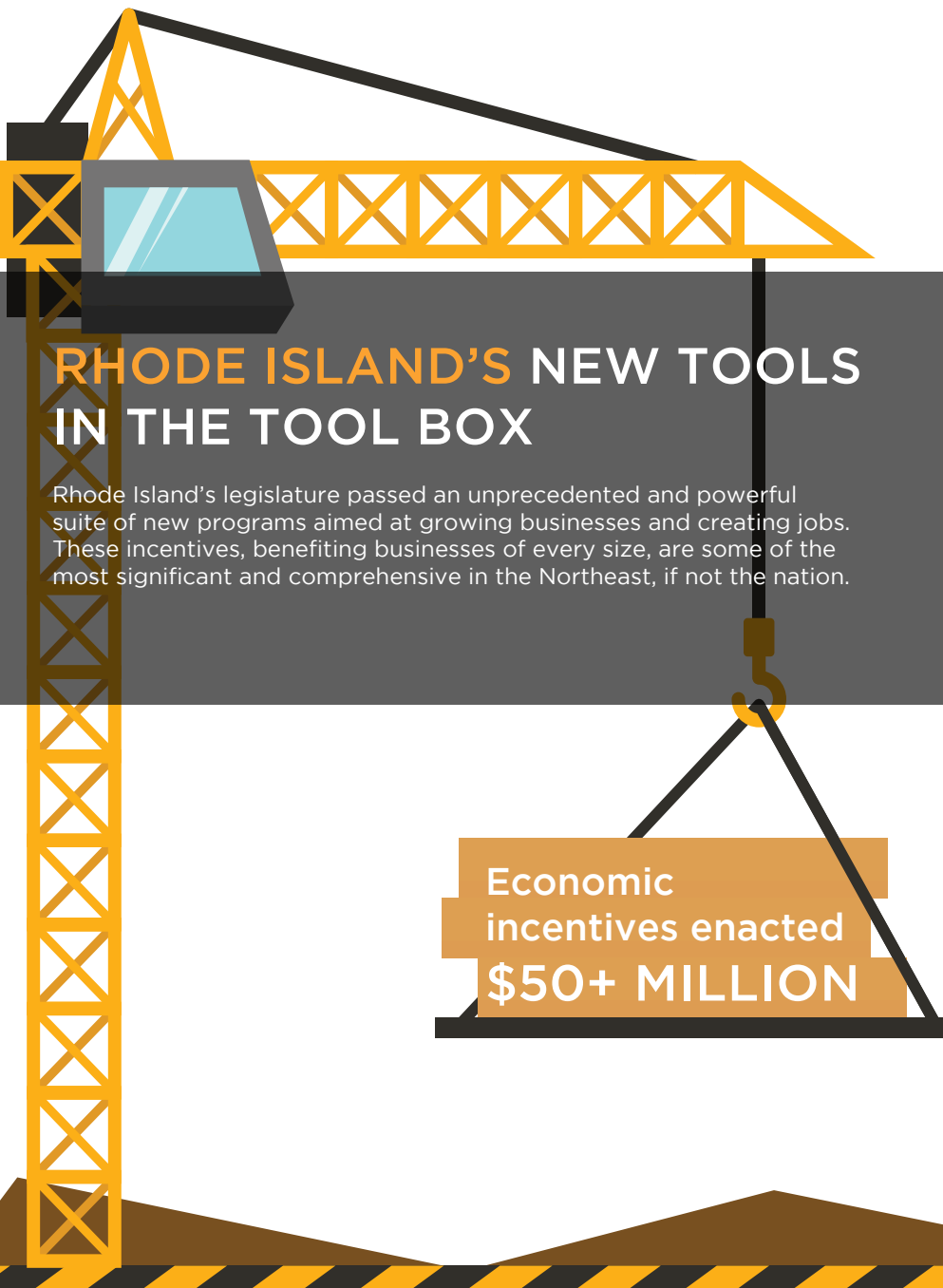
Experiential learning opportunities, such as internships, provide students with a way to explore career possibilities, gain hands-on experience and meet people in their field of study. Companies benefit as well from internships, which can be a critical workforce development tool. The IRISBF provides grants of up to \$3,000 to assist companies in the life sciences and engineering sectors defray the cost of providing internships and mentoring to eligible Rhode Island residents attending a Rhode Island college or university.

ON THE

# HORIZON

2016





## RHODE ISLAND'S NEW TOOLS IN THE TOOL BOX

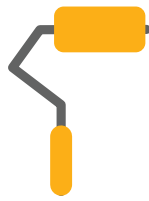
Rhode Island's legislature passed an unprecedented and powerful suite of new programs aimed at growing businesses and creating jobs. These incentives, benefiting businesses of every size, are some of the most significant and comprehensive in the Northeast, if not the nation.

Economic incentives enacted \$50+ MILLION



### QUALIFIED JOBS INCENTIVE

Companies expanding their workforce in Rhode Island or relocating jobs from out of state can receive a redeemable annual tax credit for up to 10 years with the Qualified Jobs Incentive program.



### REBUILD RHODE ISLAND TAX CREDIT

If a real estate project cannot raise sufficient funding, or is at risk of locating in another state, Rebuild Rhode Island can fill this gap with redeemable tax credits covering up to 20 percent—and, in some cases, 30 percent—of project costs.



### FIRST WAVE CLOSING FUND

Essential gap financing used in conjunction with other incentives to close transactions of a critical or catalytic nature.



### MAIN STREET RHODE ISLAND STREETScape IMPROVEMENT FUND

Funds improvements to commercial districts by granting awards for projects that improve an area's streetscape, such as enhanced sidewalks, new street furniture and signage, upgraded building facades or improved street lighting.



### ANCHOR INSTITUTION TAX CREDIT

Tax incentive for any Rhode Island company that plays a substantial role in the decision-making process of a key supplier, service provider or customer company to locate at least 10 new jobs in Rhode Island.



### P-TECH

Building education/employer partnerships for grades 9-14 in key sectors to increase coordination among high schools, community colleges and businesses to forge clear pathways to good careers.



### TAX STABILIZATION INCENTIVES

Rhode Island municipalities that enter into reasonable tax stabilization agreements (TSA) may be eligible to reimbursement up to 10 percent of tax revenue foregone due to the completion of a TSA.



### INNOVATION VOUCHERS

Expand R&D capacity by granting Rhode Island-based enterprises with fewer than 500 employees up to \$50,000 in R&D assistance from a Rhode Island university, research center or medical center.



### TAX INCREMENT FINANCING

Provides capital for "gap financing" of eligible projects by rebating back to the project an increment of the new state tax revenue generated by the project.



### NETWORK MATCHING GRANTS

Supports intermediary organizations that build capacity to offer technical assistance, space on flexible terms, and/or access to capital for small businesses in targeted industries.



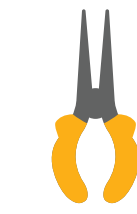
### INDUSTRY CLUSTER GRANTS

Encourages companies in an industry sector to work together to solve problems, exchange ideas and develop talent.



### SMALL BUSINESS ASSISTANCE

Eases the path to startup or expansion for small Rhode Island businesses (200 employees or less) by bolstering the small business lending community.



### WAVEMAKER FELLOWSHIP

Incentivizes graduates pursuing careers or starting businesses in technology, engineering, design and other key sectors that choose to stay and work in Rhode Island by defraying student loan payments for up to four years.



### STAC/SBIR MATCH

Leverages state dollars to encourage and support entrepreneurial participation of early-stage, high-risk technology programs.

## FINANCIAL REPORTS

Rhode Island Commerce Corporation submitted the board-approved, audited financial statements for the year ended June 30, 2015, to the Governor, Senate President, Speaker of the House and Secretary of State before May 31, 2016, as required by Title 42 Section 64-28, State Affairs and Government. These statements can be found at:

<http://commerceri.com/wp-content/uploads/2015/10/Final-RI-Commerce-Corporation-FY2015-Financial-Statements.pdf>

## BOARD MEETINGS

For all board meetings and public hearings held by the Commerce Corporation; the subjects addressed; decisions rendered; actions considered and their disposition; and the minutes of these meetings and hearings if requested by the governor, the president of the senate, the speaker of the house of representatives, or the secretary of state:

[http://sos.ri.gov/openmeetings/?page=view\\_entity&id=742](http://sos.ri.gov/openmeetings/?page=view_entity&id=742)

## LEGAL MATTERS

a. Rhode Island Economic Development Corporation v. Wells Fargo Securities, LLC et al. Rhode Island Superior Court Providence County, Civil Action Number: PB12-5616. The Rhode Island Commerce Corporation f/k/a the Rhode Island Economic Development Corporation 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, Barylick, Sheehan & Lovely, PC has been retained as special counsel to represent the Commerce Corporation in this matter. During fiscal year 2015, the Commerce Corporation reached a settlement with Antonio Afonso, Jr. and Moses Afonso Ryan LTD in the approximate amount of \$4.4 million.

b. Patrick Campbell and Kail Campbell p/p/a Patrick Campbell v. General Growth Properties et. al. Rhode Island Superior Court, Providence County, Civil Action Number: PC12-0267. The Rhode Island Commerce Corporation was named as a defendant in this tort action as it is the owner and landlord of the real estate upon which the Providence Place Mall is constructed. General Growth properties undertook defense of the matter and agreed to indemnify the Commerce Corporation. The matter was dismissed on April 30, 2015.

c. Monica S. Moreno v. Rhode Island Commerce Corporation, et al. Rhode Island Superior Court, Providence County, Civil Action Number: PC2015-0790. The Rhode Island Commerce Corporation was named as a defendant in this tort action as it is the owner and landlord of the certain land leased to CVS Pharmacy, Inc. CVS has undertaken its responsibility to defend and indemnify the Commerce Corporation in connection with the above-referenced litigation. CVS has retained Melick & Porter, LLP to defend the action.



**Rhode Island Commerce**  
*CORPORATION*

Gina M. Raimondo, Governor & Chair  
Stefan Pryor, Secretary of Commerce

Rhode Island Commerce Corporation  
315 Iron Horse Way, Suite 101, Providence, RI 02908  
401.278.9100 CommerceRI.com