Rhode Islanders have never been one to back down from a challenge. Once faced with one of the highest unemployment rates in the country, we are now seeing significant improvement in our state’s economy. We have added nearly 13,000 jobs, and reduced our unemployment rate by more than half. Thanks to the hard work and resilience of Rhode Island citizens and its many small businesses, we have finally regain all the jobs lost during the Great Recession.

And with cooperation across my administration and the private sector, this progress shows no signs of stopping. In FY 2016, we laid a solid foundation from which we will continue building Rhode Island’s economy.

In the past year alone, we cut taxes to become more business friendly; we revitalized cityscapes and broke ground with new construction; we embarked on a much-needed infrastructure improvement plan and we’ve encouraged businesses to take a fresh look at Rhode Island. This includes attracting new companies like General Electric and Johnson and Johnson, as well as supporting local companies to build on their histories and add jobs here. And our workforce development and education programs are working in tandem to ensure that residents of Rhode Island are best prepared with skills that matter for jobs that pay.

Combined, these efforts are producing profound impact in Rhode Island. These accomplishments and successes are a direct result of the contributions, input, and vision of invested Rhode Islanders, who recognize that a well-conceived and executed public-private partnership becomes greater than the sum of its parts. I thank you for your dedication and support, and I look forward to maintaining this momentum with you.

Because of the hard choices we’ve made together and the strategic investments we’ve protected, Rhode Island is - and will remain - on the move. We will not rest on the laurels of this success and we cannot afford to slide backwards. I will remain laser-focused on job creation, and ensuring that Rhode Islanders are first in line to get these new jobs, because I believe in Rhode Island and the people of Rhode Island.

Sincerely,

Gina M. Raimondo, Governor
State of Rhode Island
LETTER FROM THE COMMERCE SECRETARY

Rhode Island is on the move. As of June 2017, Rhode Island has the lowest unemployment rate (4.1%) since January 2001 and the highest number of individuals working in construction since 2008. We have the highest GDP since 2006 at $57.4 billion, and key industry sectors of manufacturing and IT/tech are growing. Some of the seeds of this comeback can be found in early FY 2016, when Governor Raimondo and the General Assembly came together around a new strategic plan for economic growth in Rhode Island. Innovates and Commerce deployed a potent set of economic development programs to make that vision a reality.

We know that Rhode Island has all the tools for building a resilient, innovation-focused economy that provides opportunities for all Rhode Islanders. Innovation and industry are in our state’s DNA, beginning with Slater Mill and continuing through to today in our manufacturers, biotech firms, small businesses, and more. With world-class research universities, a talented and hard-working workforce, an enviable quality of life, a friendly business climate, and access to major markets, Rhode Island offers the kind of environment in which businesses want to locate and grow. What we needed, and what our work in FY 2016 started, was to make catalytic investments to bring these many assets together and support both in and out of state businesses in recognizing and utilizing the opportunities in Rhode Island.

With our incentives first available for use in FY 2016, we made catalytic investments in our key industry areas to spur economic growth and help create new jobs for Rhode Islanders. Our first Qualified Jobs Incentive deal was with Greyestone, a high volume machining and plating manufacturer in Lincoln, Rhode Island. The last Qualified Jobs Incentive deal announced in FY 2016 was that GE Digital – the growing unit of General Electric to develop the digital industrial internet – would be bringing more than 100 new tech jobs to Rhode Island. Both Greyestone and GE Digital had options and could have gone elsewhere in the country, and both chose Rhode Island because of our competitive incentives and the strength of Rhode Island’s overall value proposition. As of today, we have done seventeen business attraction and expansion deals supporting storied Rhode Island companies and newcomers to the state, which are helping to bring over 1,400 new jobs to Rhode Island and an estimated $230M increase in GDP for the state.

For small businesses and start-ups, our programs are designed to meet pressing growth needs and foster collaboration. In FY 2016, we awarded eleven small businesses innovation vouchers (up to $50,000 each) to partner with knowledge partners to pursue R&D. We invested in four accelerators and incubators – Social Enterprise Greenhouse, MassChallenge, Hope & Main, and Practico Innovation – to support and grow our entrepreneurial ventures. We awarded $5.4 million to six community partners to provide small business loans to the entrepreneurs and small business owners across Rhode Island – the first such program to support small businesses here in 30 years. As of today, more than twenty small businesses who otherwise would not have found financing have been awarded loans through this program. We also provided one-to-one support to small business owners through our Client Services Team, which communicated with hundreds of companies and organizations throughout FY 2016.

FY 2016 represented the first year the RI Commerce Corporation could put its new tools to use. We invested in our small businesses and our start-ups, in growing and attracting larger companies to help create jobs for Rhode Islanders, and in catalyzing real estate deals that had been stalled for years. Rhode Islanders are today going to work at companies such as GE Digital, Ivory Ella, United Natural Foods, and Greyestone because of the vision and leadership of Governor Raimondo and the General Assembly. This is just the beginning of Rhode Island’s comeback. We look forward to continued progress and increased prosperity as a result of these efforts.

Sincerely,

Stefan Pryor, Commerce Secretary
State of Rhode Island

QUALITY
Dear Stakeholders,

This was an important year for the Rhode Island Commerce Corporation. As our programs launched in earnest, this was a juncture our organization needed to get right. I’m pleased to say our team exceeded our goals and expectations in all segments and our organization is operating at or ahead of plan. Put simply, in FY 2016 we successfully set a firm foundation for future growth and achievement.

This year our primary incentive programs, -the Qualified Jobs Incentive Tax Credit and the Rebuild Rhode Island Tax Credit program - began to bear significant fruit. Guided by our targeted investment strategy, the Qualified Jobs Incentive Tax Credit Program attracted two companies to Rhode Island and helped three companies expand in Rhode Island, facilitating the creation of almost 250 new full-time jobs. The Rebuild Rhode Island program financed nine real estate investments in FY 2016, representing a $33.4 million state investment and spurring $250 million in real estate development. As of June 2017, these programs have helped create more than 3,100 direct permanent jobs and more than $800M in real estate development. These incentive programs are working to attract new businesses to Rhode Island, helping existing businesses grow, and stimulating significant private capital investment throughout the state.

From an organizational perspective, our team grew throughout FY 2016 to include client services, business development, investments, financial services and marketing professionals. Over the past two and a half years, the corporation nearly doubled in size. Having an innovative and qualified team in place is key to our continued success as we manage our investment vehicles, streamline government processes, ensure our state is a top business and travel destination, and help businesses of all sizes flourish in Rhode Island.

Through targeted marketing, direct outreach, and a consistent drumbeat of strategic investments, outside companies have begun to consider Rhode Island for growth. Locally, our team got to work to change the sentiment of the business community. We set out to solve practical problems that everyday businesses face, and increase efficiency both in the private and public sectors. These efforts included introducing the Business Navigation Center, which educates business owners and prospective entrepreneurs on the programs and services available, and implements much-needed state and municipal Lean Initiatives to streamline development. Local businesses now have a resource to help them operate or grow.

In a short amount of time, we have made great strides. I have confidence in the organization we’ve built and the investments we’ve made on behalf of all Rhode islanders and look forward to even more successes in the near future.

Sincerely,

Darin Early
President & COO
Rhode Island Commerce Corporation
THE SEEDS OF SUCCESS ARE DEEPLY ROOTED

During the 2015 legislative session, the Commerce Corporation worked closely with the Governor and the General Assembly to develop a powerful new toolkit of economic development incentives that would level the playing field for Rhode Island businesses and grow the state’s economy. In FY 2016, the Commerce Corporation got to work enacting the regulations needed to use these new tools and undertaking an aggressive and targeted outreach effort that produced the demonstrable results detailed in this report. The Commerce Corporation’s programs attracted top companies to the state over the fiscal year and promoted the growth of longstanding Rhode Island businesses. Small and large companies committed to relocate, grow and hire people in Rhode Island. Moreover, the state made investments in innovation infrastructure, research and development and entrepreneurship that are improving Rhode Island’s prospects for long-term economic growth. The following pages feature several key economic developments spurred by Commerce Corporation programs in FY 2016 and highlights our performance through June 2017.

GE Digital
Launches Information Technology Center in Providence

General Electric, ranked 11th on the 2016 Fortune 500 list, announced plans to establish a new technology facility in Rhode Island. As one of America’s largest and most storied companies, GE has 305,000 global employees and produced $149 billion in revenue in 2014. The past five years marked a transformation for GE. The company shed its capital division, refocused on its manufacturing base and invested heavily in developing the technical ability to service its industrial products in real time, creating a new group called GE Digital. Tapping into Rhode Island’s tech-talent base, in FY 2016 GE Digital selected Providence as its new location, agreeing to bring at least 100 new jobs to the state in the coming years.
Ivory Ella
Rapidly Growing Retailer Relocates to Westerly

Ivory Ella, an online clothing and accessories retailer that contributes 10 percent of the company’s net profits to the nonprofit organization Save the Elephants, relocated to Westerly in FY 2016. Ivory Ella was faced with growing the company’s existing operations in Connecticut, which would have created a net savings, or consolidating the company’s operations elsewhere. After a comprehensive search, Ivory Ella was drawn to Rhode Island because of its historic strengths in manufacturing and textiles, growing strength in e-commerce, tech and web design and access to skilled talent. With support from the Commerce Corporation’s incentives, Ivory Ella was able to relocate to Rhode Island, consolidating its operations here. The company originally planned to draw upon the Corporation’s Qualified Jobs program to create 30 new jobs. In fact, as of June 2017, the company has created 65 new jobs.

The Commons at Providence Station
Market Rate Residential Units

The Commons at Providence Station is a proposed development including a 145,000 square foot multi-family building on 2.85 acres of land located on Smith & Canal Street in Providence RI. The completed project will have 169 units with 170 sub-surface parking lots and will feature a yoga room, gym, and roof deck with views of the state house for the tenants. The project is adjacent to the Providence train station with easy access to the MBTA and Amtrak trains. The project costs are estimated at $54.1 million. The Commerce Corporation approved $5.5 million in Rebuild Rhode Island Tax Credits over the five-year eligibility period. The credit amount represents just over 10% of the total project cost of $54.1 million.
Agcore Technologies
Partners with the University of Rhode Island for Innovative Research

Agcore Technologies is a small Cranston-based manufacturer of Spirulina, a nutrient dense, blue-green algae used in human nutrition products and animal feed. In FY 2016 Agcore was awarded a $50,000 Innovation Voucher to fund research and development to help Agcore improve its products and grow its business. Agcore partnered with the University of Rhode Island’s Department of Fisheries, Animal & Veterinary Science to understand how Agcore’s products could be improved to deliver better nutritional results as an aquaculture feed for specific types of fish. Thanks to the Innovation Voucher, Agcore leveraged the strategies identified by URI to launch five new grain-free fish food products. Agcore was also able to hire two new full-time employees, both recent graduates from the University of Rhode Island.

Greystone of Lincoln, Inc.
First for Qualified Jobs Incentive Tax Credit

Greystone is a manufacturer of high-volume, precision computer numerical control (CNC) tuned parts, with an 83-year Rhode Island legacy. Currently employing 226 associates in Lincoln, RI, the company plans to hire new, full-time, employees with a median annual salary of $52,000 and expand one of its facilities by approximately 10,000 square feet to accommodate new machinery and staff. Greystone of Lincoln, Inc. was the first to enter into a Qualified Jobs Incentive Tax Credit agreement, which will lead to the creation of 25 new manufacturing jobs.
Wexford Science & Technology Announces Technology & Innovation Complex in I-195 Innovation and Design District in Providence

At the top of the 2016 calendar year, Commerce played a significant role in the purchase and sales agreement for a three-phased project entered into by the I-195 Redevelopment Commission with Wexford Science & Technology and CV Properties. The first phase of the project encompasses two buildings: an innovation center with space for research and development and office uses, as well as restaurant and public meeting facilities. The innovation building alone will amount to 191,000 square feet. Executing this purchase and sales agreement represented an important step forward in anchoring Rhode Island’s innovation economy.

ALCOR Scientific Inc. Utilizes Trade Missions to Grow Internationally

ALCOR Scientific Inc. is a medical device manufacturer that focuses on the research and development of innovative solutions for the global healthcare market. As a result of steady investment in research and development, the company offers innovating testing systems which simplify test procedures with a special emphasis on safety, cost-effectiveness, and quality of test results. ALCOR is one of three major suppliers of enteral feeding pumps worldwide and proudly offers the only USA-made fully-automated Erythrocyte Sedimentation Rate analyzer in the marketplace. The Commerce Corporation, in partnership with Bryant University’s Chafee Center, has worked closely with ALCOR over the years, and in 2012 recruited them to participate in the Best of New England pavilion at MEDICA, the largest medical device trade event in the world (with support from RI STEP). Since 2012, ALCOR attributes approximately $1,000,000 in sales to contacts or opportunities that originated or were strengthened by attending MEDICA.
PRIMED FOR GROWTH: RHODE ISLAND’S ADVANCED INDUSTRIES

From 2015 to 2016, the Raimondo Administration commissioned the Brookings Institute’s Metropolitan Policy Program, Battelle Technology Partnership Practice (now TEConomy Partners, LLC) and Monitor Deloitte to conduct a comprehensive competitive analysis of the state’s economy. The conclusions of this study, released in January 2016, helped shape the Commerce Corporation’s strategy to reposition Rhode Island’s economy and guided staff in deploying the state’s new economic development tools. The report identified five “Advanced Industries”—industries that invest heavily in R&D and STEM workers, prize innovation and demonstrate high productivity, and several “Opportunity Industries”—industries offering the Ocean State significant growth potential.

These Advanced Industries include:

- Biomedical Innovation
- IT/Software, Cyber, Data Analytics
- Defense, Shipbuilding and Maritime
- Advanced Business Services
- Design, Food and Custom Manufacturing

Rhode Island’s Opportunity Industries include:

- Arts
- Education
- Hospitality and Tourism
- Transportation
- Distribution and Logistics

Source: Deepwater Wind
DELIVERING RESULTS

The Commerce Corporation works with public and private sector partners across the state to support economic development in Rhode Island. The Corporation’s efforts include deploying economic development incentives, managing capital funding programs for small businesses, advocating for Rhode Island’s established and burgeoning industries, providing export assistance, and promoting travel and tourism.

The following map highlights Commerce’s investments throughout the state during FY 2016–June 2017.

Division Highlights

- 34 Innovation Vouchers
- 17 Qualified Jobs
- 24 Rebuild RI
- 6 PTECH
- 10 Industry Cluster Grants
- 16 Main Street
- 4 Network Matching Grants
- 4 Tax Increment Financing

115 Investments from July 2016 – June 2017

INVESTMENTS

FY 2016 marked the launch of the state’s new, powerful economic development toolkit proposed in 2015 by Governor Raimondo and enacted by the General Assembly. As of June 2017, these programs have incentivized projected economic activity that is on course to, over the decade, create at least 1,463 new qualified jobs and more than 5,100 new construction jobs. Managed by the Commerce Corporation’s Investments Team, these programs are the Corporation’s primary vehicles to grow existing in-state businesses and attract new out-of-state businesses to Rhode Island.

Economic incentive tools include:

- **Qualified Jobs Incentive Tax Credit**: Promotes new jobs in Rhode Island by rebating personal income taxes withheld for new employees back to the hiring businesses
- **Rebuild Rhode Island Tax Credit**: Provides capital to qualified real estate projects that demonstrate a “financing gap” and have a catalytic benefit to the state
- **Tax Increment Financing**: Provides capital to eligible projects that demonstrate a “financing gap” by rebating new state tax revenue generated by a project
- **First Wave Closing Fund**: A discretionary gap-filling incentive program that provides funding for attraction, expansion or retention of jobs
- **Wavemaker Fellowship**: Helps companies attract and retain top STEM talent in Rhode Island by funding student loan debt repayment
- **Innovation and Network Vouchers**: Provides financial/technical resources to small businesses in innovative sectors
- **Main Street Rhode Island Streetscape Improvement Fund**: Awards grants on a competitive basis for improvements to local commercial districts
- **Industry Cluster Grants**: Planning and implementation grants to encourage companies in an industry sector to work together to solve problems, exchange ideas and develop talent
- **Anchor Institution Tax Credit**: Provides a company with direct compensation for playing a meaningful role in the (re)location of an upstream or downstream member of its supply chain to Rhode Island
- **Tax Stabilization Incentive**: Provides an incentive for Rhode Island municipalities to enter into tax stabilization agreements by reimbursing municipalities for a portion of forgone revenue from qualifying tax stabilization agreements

22
In FY 2016, the investments team achieved the following results:

In FY 2016, the Qualified Jobs Incentive Tax Credit Program attracted two companies to Rhode Island and helped three companies expand in Rhode Island, facilitating the creation of almost 250 new full-time jobs. As of June 2017, the publication date of this report, the Qualified Jobs Incentive Tax Credit Program has attracted 10 companies to Rhode Island, helped seven Rhode Island companies expand, and supports the creation of 1,463 full-time jobs.

The Rebuild Rhode Island program financed its first nine real estate investments in FY 2016, representing a $33.4 million state investment and creating $250 million in project value. As of June 2017, the publication date of this report, the Rhode Island Commerce Board of Directors has authorized $89.7 million to 24 projects totaling roughly $770 million and 2.8 million square feet of residential, commercial and hotel development across the state. These projects will help create 4,950 direct and indirect construction jobs.

The First Wave Closing Fund has helped Rhode Island compete nationally to attract major technology companies such as GE Digital. In FY 2016, the First Wave Closing Fund also enabled the retention of 105 jobs at A.T. Cross.

The Wavemaker Fellowship helps graduates who choose to work in STEM jobs in RI with a refundable tax credit that can cover student loan payments up to $6,000 per year for up to four years. In FY 2016, the fund supported 20 professionals with a $122.2 million state investment enabling them to acquire the tools required to expand and thrive in Rhode Island. Across all innovation programs, including Innovation Vouchers, Innovation Network Matching Grants and Cluster Grants, more than $1.5 million in FY 2016 funding supported small and growing Rhode Island businesses, enabling them to acquire the tools required to expand and thrive in Rhode Island. As of June 2017, the publication date of this report, these programs are supporting almost 50 Rhode Island businesses and non-profits with almost $3 million in funding.

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Applicant: Bristol  
Funding: $80,000  
Use of Funds: Way-finding signage to direct visitors along Routes 114 and 136 to the downtown commercial district and available public parking.

Applicant: Central Falls  
Funding: $100,000  
Use of Funds: Façade improvements along Dexter Street, a public art installation to conceal overhead wires, and the provision of free public Wi-Fi within the commercial district.

Applicant: East Greenwich  
Funding: $32,400  
Use of Funds: Main Street sidewalk repair and street tree improvements to support accessibility and sustainability of infrastructure in the town’s historic commercial district.

Applicant: ONE Neighborhood Builders  
Funding: $196,000  
Use of Funds: Structural upgrades to bus stops to improve shelter infrastructure and increase the safety and accessibility for pedestrian traffic in Olneyville Square in Providence.

Applicant: Pawtucket  
Funding: $245,000  
Use of Funds: Replace derelict storefronts on the ground level of the city’s main municipal parking garage with landscaping, install wayfinding station outside of the garage, and implement a two-way traffic pattern on Main Street. Internal to the garage, lighting will be upgraded to promote visibility and safety.

Applicant: The Providence Foundation  
Funding: $76,000  
Use of Funds: Wayfinding signage around downtown Providence to direct foot and vehicle traffic to downtown commercial destinations, transit centers, and landmarks.

Applicant: Woonsocket  
Funding: $70,000  
Use of Funds: Landscaping installations and the creation of drop-off areas and handicap accessibility to slow traffic, as well as curbing upgrades, in the city’s Arts District.
The Commerce Corporation’s Financial Services Team supports the Corporation’s mission of increasing economic growth by being a one-stop financing center for small to medium-sized businesses in Rhode Island. It provides financing alternatives through the Small Business Loan Fund, Private Activity Bonds (taxable and tax exempt) via the RIIFC program, the IRBA/bond mortgage insurance program and the Renewable Energy Fund. The team’s professionals work directly with a borrower to arrange site visits, consultations with state and local officials, meetings with banks, credit unions and non-bank partners.

**FINANCIAL SERVICES PERFORMANCE**

<table>
<thead>
<tr>
<th>Item</th>
<th>As of June 2017</th>
<th>FY 2016</th>
<th>FY 2015</th>
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</thead>
<tbody>
<tr>
<td>Total number of bonds issued</td>
<td>4</td>
<td>4</td>
<td>2</td>
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<tr>
<td>Total $ of bonds issued</td>
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<tr>
<td>Average $ of bonds issued</td>
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<td>4</td>
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<tr>
<td>Total $ of loans issued</td>
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<tr>
<td>Average $ of loans issued</td>
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<td>RIIFC IRBA deals closed</td>
<td>1 ($1,750,000)</td>
<td>0</td>
<td>1 ($2,200,000)</td>
</tr>
</tbody>
</table>

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**REF PERFORMANCE FY 2016**

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2016</th>
<th>FY 2015</th>
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</thead>
<tbody>
<tr>
<td>Renewable energy projects</td>
<td>212</td>
<td>139</td>
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<tr>
<td>Projects Funded (Awarded)</td>
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<td>$4,936,667</td>
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<tr>
<td>Total kwh</td>
<td>10,630</td>
<td>7,841</td>
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The growth rate of solar activity and installer companies in Rhode Island remains positive. In order to expand with the growing demand, REF proactively focused on improving organizational efficiency in FY 2016. The year concluded with the enactment of new renewable energy legislation, extending the REF until December 31, 2022.

**The Solarize Rhode Island Campaign**

FY 2016 marked the fourth round of the Solarize Rhode Island campaign, a partnership between the Rhode Island Office of Energy Resources (OER), RICC and SmartPower. The effort maintained focus on increasing the adoption of small-scale solar electricity by participating communities through a competitive tiered pricing structure that increases savings for everyone as more home and business owners sign for small-scale solar electricity systems contracts. Nearly 400 residents and business owners signed contracts with the program in FY 2016. In addition, hundreds more learned about the economic and environmental benefits of solar electricity, energy efficiency and other clean energy technologies. The following municipalities participated in the campaign during FY 2016:

- Foster
- Barrington
- South Kingstown
- Aquidneck Island (Portsmouth, Middletown, Newport)
- Providence
- Warren
- Bristol

**Growing Solar Adoption in Rhode Island**

The Commerce Corporation’s Renewable Energy Fund (REF) continued to increase the role of renewable energy throughout the state by providing grants and loans for renewable energy projects to make electricity production cleaner and more sustainable, while stimulating job growth in the green technology and energy sectors of Rhode Island. Using funds from the “system benefit charge” on electric bills and alternative compliance payments, the Commerce Corporation funded renewable energy projects in small-scale solar, commercial development, pre-development feasibility studies and early stage commercialization in FY 2016. A total of 312 projects from the Small Scale and Commercial Scale programs received approval for funding amounting to $7,804,413.

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INNOVATION PROGRAMS

The Commerce Corporation’s Innovation Team works to make Rhode Island a world-class center for innovation and entrepreneurship by leveraging Rhode Island’s unique science, technology, engineering and design assets. Four new investment vehicles were launched in FY 2016 to expand Rhode Island’s innovation infrastructure: Innovation Vouchers, Innovation Network Matching Grants, Industry Cluster Grants, and Innovate RI Fund SBIR/STTR Phase 2 Matching Grants. These programs joined the existing portfolio of funds including the Collaborative Research Grants and Innovate RI Fund.

Innovation Voucher

The Innovation Voucher program helps increase capacity for industry-research institutional partnerships and future R&D collaborations. Funds issued under this program are used to provide Rhode Island small businesses with critical access to R&D expertise at research institutions, such as universities and hospitals, to move an innovative project forward. In FY 2016, 34 applications were received requesting $1.5 million in funding. Commerce RI approved 11 applications totaling $451,897, which leveraged the expertise of 6 knowledge partners. Funded projects represent a variety of Rhode Island’s advanced industries in this report including biomedical, defense, design, and custom manufacturing. As of June 2017, the publication date of this report, 28 applications were approved totaling a total investment of over $15 million.

Innovation Network Matching Grant

Innovation Network Matching Grants are deployed to entrepreneurial and small business support service providers that offer technical assistance, space on flexible terms and/or access to capital for Rhode Island businesses. In FY 2016, seven applications were received requesting $1.3 million in funding. Four applications were approved for total funding in the amount of $372,996. Funded projects are geographically diverse, represent a variety of successful incubator/accelerator models, and serve various small businesses important to the state including food enterprises, health & wellness ventures and technology entrepreneurs in communities of color.

Industry Cluster Grants (Technical Assistance and Implementation categories)

Industry Cluster Grants are awarded to intermediary organizations addressing a barrier to a cluster’s development, resulting in widespread benefits to many businesses within a given cluster. This program builds upon existing efforts or new efforts to provide cluster groups with shared resources, access to capital, technology transfer/exchange and workforce development necessary to foster growth. In FY 2016, 26 applications were received requesting $5.7 million in funding. The Rhode Island Commerce Corporation approved 7 applications for funding in the amount of $748,640. Funded projects are geographically diverse and represent a variety of sectors important to the state including defense, advanced manufacturing, marine trades, design, education technology, and food, representing both established and emerging industry clusters. As of June 2017, the publication date of this report, 10 applications were approved totaling a total investment of approximately $11 million.

Innovate RI Fund

Through the Innovate RI Fund, the Commerce Corporation provides grants to help small Rhode Island companies participate in the federal SBIR/STTR grant program, provide matching funds to successful Phase 1 and Phase 2 grantees and/or defray the costs of hosting an intern. In FY 2016, the fund distributed 32 grants totaling $1,076,728.

Collaborative Research Grants

The Commerce Corporation uses the Collaborative Research Grant program to distribute funding to projects focused on building research capacity across institutions and advancing the competitiveness of Rhode Island researchers to secure additional funding. Grants are also awarded to projects that contribute to current or future economic development of the state through technology development and commercialization or demonstrate strong translational components. In FY 2016, 22 applications were received requesting $13 million in funding. Funding was approved for 9 teams representing 31 scientists at 9 institutions for total funding in the amount of $791,772.
INNOVATION PERFORMANCE FY 2016

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ of grants available</td>
<td>$1.75 million</td>
</tr>
<tr>
<td>Number of grants available</td>
<td>-24</td>
</tr>
<tr>
<td>Number of grant applicants</td>
<td>67</td>
</tr>
<tr>
<td>Number of grant recipients</td>
<td>22</td>
</tr>
<tr>
<td>$ of grants issued</td>
<td>$1,573,533.70</td>
</tr>
<tr>
<td>Average $ of grant issued</td>
<td>Innovation Voucher: $41,081</td>
</tr>
<tr>
<td></td>
<td>Innovation Network Matching Grant: $93,249</td>
</tr>
<tr>
<td></td>
<td>Industry Cluster Grant: $106,948</td>
</tr>
</tbody>
</table>

Number of applicants by industry:
- Defense: 3
- Maritime: 2
- Biomedical: 17
- IT: 9
- Manufacturing: 10
- Green Tech: 3
- Aquaculture/Food: 10
- Other: 13

STAC PERFORMANCE FY 2016

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2016</th>
<th>Year-Over-Year Growth (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ of grants available</td>
<td>$1,800,000</td>
<td>27%</td>
</tr>
<tr>
<td>Number of grant applicants</td>
<td>79</td>
<td>25%</td>
</tr>
<tr>
<td>Number of grant recipients</td>
<td>66</td>
<td>42%</td>
</tr>
<tr>
<td>$ of grants issued</td>
<td>$1,949,500 (includes carry)</td>
<td>63%</td>
</tr>
<tr>
<td>Average $ of grant issued</td>
<td>Coll Research: $88,641</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SBIR Phase 0: $2,941</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SBIR Phase 1: $44,100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SBIR Phase 2: $84,513</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internships: $3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coll Research: (-34%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SBIR Phase 0: no change</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SBIR Phase 1: no change</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SBIR Phase 2: 100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internships: $ no change</td>
<td></td>
</tr>
</tbody>
</table>

Number of applicants by industry:
- Engineering: 27—Up 48% YOY
- Bio: 30—Up 20% YOY

57 unique companies assisted
P-TECH

Workforce Development
In FY 2016, the Commerce Corporation launched an innovative program that will strengthen the alignment of Rhode Island’s K-12 system, colleges, and workforce. The P-TECH, or Pathways in Technology Early College High School, initiative forges long-term partnerships between high schools, colleges, industry associations, and businesses to provide students with the education and skills they need to succeed and employers with a pipeline to the workforce of the future. Students enrolled in P-TECH programs take college-level courses while in high school, benefit from internships and mentoring, and graduate with a high school diploma and an industry approved associate degree. Business partners have a seat at the table in designing the program and ensure that changing industry needs are addressed in the curriculum. Through the collaboration of the Commerce Corporation, school districts, the Community College of Rhode Island, and Rhode Island employers, three P-TECH programs opened in fall 2016:

- P-TECH Newport at Rogers High School and focusing on cybersecurity
- P-TECH PPSD at Providence Career and Technical Academy and focusing on information technology
- P-TECH Westerly at Westerly High School and focusing on advanced manufacturing

Two additional P-TECH programs were announced in 2016, bringing the number of participating Rhode Island communities to five by the publication of this report. In fall 2017, North Providence High School and the Woonsocket Area Career and Technical Center will open P-TECH programs focusing on health care and information technology, respectively. Alongside the Rhode Island Department of Education, the Commerce Corporation is also supporting the development of a Center for Advanced Manufacturing at the William M. Davies, Jr. Career & Technical High School in Lincoln that will incorporate the key elements of a P-TECH model program.
Client Services

The Commerce Corporation’s Client Services Team is dedicated to Rhode Island’s business community. This eight-member team works to improve how state and local governments interact with the private sector, and ensures that all businesses are aware of available state resources to grow and expand their enterprises. The Client Services Team accomplishes this dual mission by developing partnerships, programs and services to streamline government processes and help businesses start, expand and thrive in Rhode Island. In FY 2016, Client Services introduced two new initiatives to benefit Rhode Island’s businesses, the Business Navigation Center and State and Municipal Lean Initiatives.

Business Navigation Center

The Client Services Team launched the new Business Navigation Center to educate business owners and prospective entrepreneurs on the programs and services available to help their business succeed. To support the Business Navigation Center launch, Client Services team members spoke at over 100 events—visiting every Rhode Island chamber of commerce as well as multiple trade organizations, merchant’s associations, rotary clubs, BNI’s, municipal economic development committees and more—to highlight the new service. In total, Client Services engaged thousands of businesses about Rhode Island’s incentive programs, the best way to navigate state government for a particular business need and the initiatives state government is undertaking to improve its processes.

State and Municipal Lean Initiatives

Building on the momentum from its community outreach, the Client Services Team offered to work with local government entities to implement “lean processes” that would streamline their business registration and licensing processes. Each municipality worked with a lean consultant to review their current process, identify inefficient and outdated protocols hampering the pace of business. Once trouble areas were identified and solutions outlined, Client Services worked to provide the right tools to ensure effective execution. As “lean” recommendations take root, conducting business in Rhode Island will become easier, more convenient and efficient than ever.

FY 16 Lean initiative highlights include the following:

- Letter of Good Standing at the Division of Taxation: Initiated, co-funded, and was a key member of a lean team to reduce the time for businesses to receive letters of good standing.
- Department of Transportation: Initiated push for the lean physical alteration permit process
- West Warwick: Business registration fee reduced from $100 to $25, a reduction in costs to business owners.
- Woonsocket: Credit card use integration; now businesses can renew licenses online or by phone for greater convenience.
- North Smithfield: Eliminated council approval for certain business licenses to help save time.
- East Providence: Leaned use of paper in clerk’s office by 8x, going from eight to one ream per month, leading to community savings.
- Warwick: Reduced the number of license forms from 40 to one, a benefit to business owners and town workers.
- North Providence: Reduced the advertising fee where required from $900 to $300.
- Pawtucket: To open a restaurant went from 45 days to +/- 30 days; 11 forms to four forms; minimum 11 visits to City Hall to zero.

Client Satisfaction Metrics

<table>
<thead>
<tr>
<th>Category</th>
<th>Rating (1 lowest, 5 highest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Service</td>
<td>4.64</td>
</tr>
<tr>
<td>Professionalism</td>
<td>4.77</td>
</tr>
<tr>
<td>Timeliness</td>
<td>4.66</td>
</tr>
<tr>
<td>Understanding Client Needs</td>
<td>4.56</td>
</tr>
<tr>
<td>Knowledge of Programs and Services</td>
<td>4.61</td>
</tr>
<tr>
<td>Overall Satisfaction</td>
<td>4.73</td>
</tr>
</tbody>
</table>

1 The number of individual accounts with which an interaction occurred by a client service team member during fiscal year 2016.
2 Average ratings are based on returned surveys during fiscal year 2016. Respondents were asked to rate their meeting experience with agency staff. Rating scale—1 (low) to 5 (high).
In FY 2016, the Commerce Corporation’s Rhode Island Procurement Technical Assistance Center (RI PTAC) maintained its focus on helping Rhode Island businesses of all sizes navigate the complexities of contracting with federal agencies, state purchasing departments, and local government. In an effort to expand awareness, RI PTAC held 31 outreach events, free to all Rhode Island businesses. Events included training seminars, workshops, industry days, matchmakers and panel presentations.

Client Engagement

The Commerce Corporation’s RI PTAC staff helped 146 new clients begin the government contracting process, far exceeding its FY 2016 goal of 60 new clients. Of these new clients—referred by Commerce Corporation staff, resource partners, federal and state agencies and prime contractors—98 percent were RI small businesses. RI PTAC’s services for these clients included bid match profiles, market research, capture management and compliance with contract requirements. Further, RI PTAC guided these companies through all facets of contracting including acquisition planning, subcontracting, solicitation analysis, proposal development, dispute mitigation, cost/price analysis and post-award administration.

Clients received 1,716 total counseling hours, exceeding RI PTAC’s goal of 1,600 hours. The team expanded accessibility efforts to include in-person, online and telephone interactions. Across these communication channels, clients received counseling in bidding assistance, certifications and registrations, debriefings, cost and price analysis, market research, marketing to the government, subcontracting and post-award contract assistance.

### PTAC PERFORMANCE MEASURE

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of contracts awarded*</td>
<td>247</td>
</tr>
<tr>
<td>$ of contracts awarded</td>
<td>$50,065,045</td>
</tr>
<tr>
<td>Number of clients</td>
<td>363</td>
</tr>
<tr>
<td>Prime and subcontract awards by federal, state and local agencies</td>
<td>DoD prime contract awards: $19,424,421</td>
</tr>
<tr>
<td></td>
<td>Other federal prime contract award: $27,306,964</td>
</tr>
<tr>
<td></td>
<td>State and local awards: $2,431,387</td>
</tr>
<tr>
<td></td>
<td>Subcontracting award: $1,048,274</td>
</tr>
</tbody>
</table>

*PTAC does not negotiate any contracts other than our own between Commerce and DLA. Clients voluntarily report their awards, and we are able to utilize public databases to track and report awards for our clients.

Source: Beau Jones | Onochoko
Source: Deepwater Wind
Source: Deepwater Wind
Trade Missions
The Commerce-Chafee Center partnership again embraced efforts to coordinate successful export trade missions in foreign markets. Over the course of FY 2016, trade missions were conducted in Taiwan, South Korea, Canada, Mexico, and Germany. Each mission is a turnkey solution with staff handling all trip details including transportation, translators and business meetings. For each mission, the International Trade Team ensured preparation of the following:

- Pre-market assessment: Done in conjunction with the U.S. Commercial Service
- Customized one-on-one business appointments: Coordinated with the U.S. Commercial Service or other suitable in-country service provider
- Market research: In-country market research by country specialists
- In-country promotional campaign: Extensive marketing and promotional campaigns in each city
- Reception and networking events for business partners and key government contacts
- Breakfast briefings
- Ground transportation: Airport/hotel/meeting transportation arranged as part of the trade mission
- Pre-mission training on country-specific topics

The Commerce Corporation coordinated 4 trade missions over FY 2016, and the efforts are projected to generate more than $2 million to the participating Rhode Island companies.

World Trade Day
The Commerce Corporation co-sponsored the 31st annual World Trade Day at Bryant University. World Trade Day is one of the largest international trade conferences in the Northeast region, bringing together business people, government leaders, trade experts and international diplomats to discuss global trade issues and opportunities. More than 500 participants from around New England attended the event to discuss the 2016 theme: Global Trends Impacting Local Decisions.

Export Assistance Programs
The Commerce Corporation’s International Trade team oversees Rhode Island’s participation in federally funded export assistance programs including the State Trade Expansion Program (STEP), designed to provide assistance to eligible small businesses to increase their exports. In FY 2016, the Commerce Corporation received $313,000 to assist small businesses with export related activities and initiatives including participation in foreign trade missions, foreign market sales trips, design of international marketing campaigns, export trade show exhibits and more. STEP currently has 90 total Rhode Island companies enrolled and has issued 134 awards to date worth an approximate total value of $125,000. As a result, these companies have generated $1 million in actual sales, with up to $16.5 million more anticipated from projected sales.
MARKETING

The Commerce Corporation’s Marketing Team, was formally created in FY 2016, focuses on marketing activities within two channels: tourism (B2C and B2B) and business attraction and retention (B2B) – to draw both visitors and companies to the state. The team accomplishes this mission by working closely with local partners – state agencies, chambers of commerce, industry organizations, regional tourism bureaus – as well as our agencies of record.

FY 2017

This has been a momentous year for marketing. The RICC marketing team embarked on a strategic, comprehensive, and coordinated effort to grow tourism and the state’s economy. This led to the publishing of more than 300 editorial features highlighting Rhode Island, resulting in an estimated $46 million impressions and a total of $11.5 million in advertising value equivalency. Rhode Island was touted in numerous high profile outlets including CNN, Travel + Leisure, Conde Nast Traveler, USA Today and the Boston Globe to name a few. The campaign also brought ABC's "The Chew" and its national television audience of 2.3 million viewers to Rhode Island in an episode showcasing the state’s culinary strength including visits to: Johnson & Wales, the Ocean House, and Newport-based Stoneacre Pantry.

Digitally, web advertising and social media campaigns directly led to more than 900,000 visitors to VisitRhodeIsland.com. Social media efforts were ramped up significantly with the launch of the #MyRistory and #SecretSaturdays campaigns which targeted visitors during college graduations and at the start of peak tourist season. Specifically, the Make It Yours (MIY) Program, which incorporated the #MyRistory social media campaign, generated positive results as our first user-generated-content (UGC) campaign. MIY received more than 30 editorial placements that resulted in 46 million media impressions and $427,392 AVE. Additionally, MIY’s four “pop-up” events, including a week-long storefront event in downtown Providence, engaged more than 700 people combined and resulted in more than 800 submitted images.

The Marketing Team also engaged in numerous tourism industry engagements, including two marquee events: the Discover New England 2016 Summit and The Big E. The Marketing Team hosted Discover New England's 2016 Summit from April 4–6 in Newport RI. The event engaged 80 international and regional tour operators and 270 New England travel and tourism businesses. Through this event alone, Rhode Island received 238 appointments with tour operators and 50,000 direct inquires. The Marketing Team also managed and operated the Rhode Island building at The Big E. The Big E is the fifth-largest fair in the country and the largest consumer event in New England. More than 1.3 million consumers attended the event over 17 days from September into October 2015. The Rhode Island building showcases the state’s many diverse recreational and cultural assets to this massive crowd.

Additionally, brand tools were strategically deployed to meet visitor demand throughout FY 2016. Rhode Island Travel Guides were produced at no cost to the state through a partnership with Rhode Island Monthly Communications. The guides were distributed through AAA offices in the northeast, hotel rooms in market, consumer and trade events, and visitor information centers statewide. Since its publication in May, the Marketing Team has satisfied more than 95,000 requests for the Rhode Island Travel Guide.

Tourism Marketing

Earned and paid media were central tourism marketing components throughout FY 2016. Earned media generated more than 185 editorial features across leading international publications such as Parade, People.com, USA Today, Forbes, Essence, Travel + Leisure, The Weather Channel, Thrillist, Yankee Magazine, Coastal Living and The Boston Globe. These features generated $3.5 million in advertising value equivalency (AVE). Earned media was also grown through in-state press familiarization tours that drew visitors to the state and its attractions. Paid media marketing included a CNN Air network video promotion that reached 300,000 domestic travelers.

Marketing efforts grew traffic to Rhode Island's tourism website and social media channels. The Visit Rhode Island website (www.visitrhodeisland.com) saw a 6% increase in new visitors to the website compared to the previous fiscal year. The site attracted more than 780,000 unique users visiting more than 3 million pages on the site, with an average of three pages per session. Social media efforts were ramped up significantly with the launch of the #MyRistory and #SecretSaturdays campaigns which targeted visitors during college graduations and at the start of peak tourism season.
Business Attraction marketing focused on earned and paid media opportunities. In FY 2016, the Marketing Team secured 20 editorial features in prominent media outlets, including TheStreet, MarketWatch, Boston Business Journal, Philadelphia Business Journal, Politico and Telemundo. These placements generated 83 million impressions, 1,305 social media mentions, and $769,377 in advertising value equivalency (AVE). Paid media efforts focused on digital billboards and banners strategically placed along interstate highways in Massachusetts and Connecticut.

The media placements were an integral factor in website and social media channel growth. Total Rhode Island Commerce Corporation website visits increased 9% over the previous fiscal year. Additionally, social media platforms were used to showcase the Corporation’s programs and services – including the launch of our new toolkit of incentives.

Business Attraction marketing efforts also encompassed corporate outreach and lead generation. The team conducted outreach to more than 1,000 out-of-state CEOs, highlighting the improvements to the business climate and the benefits of conducting business in Rhode Island. Brand tools including a tradeshow booth and collateral were used to support the lead generation effort. These tools were deployed at global economic development industry events, including leading tradeshows Hannover Messe (Germany) and SelectUSA (United States).
Financial Reports
Rhode Island Commerce Corporation submitted the board-approved, audited financial statements for the year ending June 30, 2016, to the Governor, Senate president, Speaker of the House and Secretary of State before May 31, 2017, as required by Title 42 Section 64-28, State Affairs and Government. These statements can be found at: commerceri.com/wp-content/uploads/2016/10/Final-RICommerce-Corporation-FY2015-Financial-Statements.pdf.

Board Member Training
The Corporation provided training to the newly appointed and qualified members of the Board of Directors, which included instruction in the following areas: the provisions of the entirety of chapter 64 of title 42 and of chapters 46 of title 42, 14 of title 36, and 2 of title 38 of the Rhode Island general laws; and the board’s rules and regulations.

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. The Rhode Island Commerce 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. The case has been dismissed and the Corporation obtained settlements with all defendants totaling approximately $61 million, nearly 70 percent of the approximately $88 million state moral obligation on the 38 Studios bonds for both past and future appropriations.

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 and the case remains pending.

SEC v. Rhode Island Commerce Corporation, et al. In March, 2016, the Securities and Exchange Commission (“SEC”) filed a complaint against the Corporation and other defendants, alleging that the Corporation violated federal securities laws when it served as the issuer of $76 million in bonds that financed 30 Studios, LLC, a video-game company. The SEC and the Corporation reached a settlement of the case that was approved by the U.S. Federal District Court on April 3, 2017. As part of the conditions of the settlement, the Rhode Island Commerce Corporation is permanently enjoined from violating Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 (the “Securities Act”) in the offer or sale of any securities and has agreed to pay a civil penalty in the amount of $50,000 pursuant to Section 20(d) of the Securities Act.