

RHODE ISLAND COMMERCE CORPORATION
RESOLUTION AUTHORIZING THE ISSUANCE OF TAX CREDITS
UNDER THE REBUILD RHODE ISLAND TAX CREDIT ACT
May 22, 2017

WHEREAS: The Rhode Island Commerce Corporation (the "Corporation") was created and exists as a public corporation, governmental agency and public instrumentality of the State of Rhode Island and Providence Plantations (the "State") under Chapter 64 of Title 42 of the General Laws of Rhode Island, as amended (the "Act"); and

WHEREAS: Chapter 64.20 of Title 42 of the General Laws of Rhode Island (the "Rebuild RI Tax Credit Act"), as amended, authorizes the Corporation to approve the issuance of tax credits in relation to certain development projects in the State; and

WHEREAS: The Corporation promulgated rules and regulations (the "Rules") governing the tax credit program established by the Rebuild RI Tax Credit Act. Capitalized terms used herein but not defined shall have the meaning as set forth in the Rules; and

WHEREAS: The Corporation received an applications for tax credits from TPG 100 Sabin Hotel, LLC (the "Recipient") under the Rebuild RI Tax Credit Act in relation to a ground-up hotel development (the "Project") located at 100 Sabin Street, Providence, which is proposed to consist of approximately one hundred seventy-six hotel rooms and 6,000 square feet of retail space; and

WHEREAS: The Corporation's Investment Committee has reviewed and considered the proposed issuance of tax credits and a sales and use tax exemption to the Recipient and has voted to recommend to the Board of Directors (the "Board") of the Corporation the approval of the tax credits and tax exemption; and

WHEREAS: The Board of the Corporation received a presentation inclusive of a term sheet detailing the Project and proposed incentives together with a recommendation from the staff of the Corporation to approve the issuance of tax credits and a sales and use tax exemption to the Recipient in accordance with the Rebuild RI Tax Credit Act and the Rules.

NOW, THEREFORE, acting by and through its Board, the Corporation hereby resolves as follows:

RESOLVED:

1. To accomplish the purposes of the Act and the Rebuild RI Tax Credit Act, the Corporation approves the issuance of tax credits to the Recipient in an amount not to exceed One Hundred Thousand Dollars (\$100,000) and authorizes a sales and use tax exemption in addition to the tax credits of One Million Three Hundred Eleven Thousand Nine Hundred Thirty-Eight Dollars (\$1,311,938) with any sales and use tax

exemption exceeding said amount reducing the tax credits awarded hereunder dollar for dollar.

2. The authorization provided herein is subject to the following conditions:
 - a. The execution of an Incentive Agreement between the Corporation and the Recipient meeting the requirements of the Rebuild RI Tax Credit Act and the Rules in such form as one of the Authorized Officers (hereinafter defined) shall deem appropriate in the sole discretion of such Officer;
 - b. Verification by the Corporation of compliance with the Eligibility Requirements of Rule 6 of the Rules prior to Certification of any award of tax credits to the Recipient; and
 - c. Such additional conditions as any of the Authorized Officers, acting singly, shall deem appropriate in the sole discretion of such Officer.
3. The Board of the Corporation hereby finds and determines that: (i) the approval will prevent, eliminate, or reduce unemployment or underemployment in the State and will generally benefit economic development of the State; (ii) that, to the extent applicable, the provisions of RIGL § 42-64-10(a)(1)(ii) through (v) have been satisfied; (iii) that the Recipient's Equity in the Project is not less than twenty percent (20%) of the total Project Cost and otherwise meets the Project Cost criteria of the Rebuild RI Tax Credit Act; (iv) there is a Project Financing Gap for the Project such that after taking into account all available private and public funding sources, the Project is not likely to be accomplished by private enterprise without the incentives described in the Act and the Rules; (v) the total amount of tax credits awarded for the Project is the lesser of twenty (20%) of the total Project Cost or the amount needed to close the Project Financing Gap; (vi) that the Chief Executive Officer of the Corporation has provided written confirmation required by the Rebuild RI Tax Credit Act (a copy of which is annexed hereto as Exhibit 1); (vii) the Secretary of Commerce has provided written confirmation required by the Rebuild RI Tax Credit Act (a copy of which is annexed hereto as Exhibit 1); (viii) the Office of Management and Budget has provided written confirmation required under the Rebuild RI Tax Credit Act (a copy of which is annexed hereto as Exhibit 2); and (ix) the Recipient has demonstrated that it will otherwise satisfy the Eligibility Requirements of Rule 6 of the Rules.
4. Prior to the execution of an Incentive Agreement with the Recipient, the Corporation shall prepare and publicly release an analysis of the impact that the issuance of the tax credits will or may have on the State considering the factors set forth in RIGL § 42-64-10(a)(2) (a copy of which is annexed hereto as Exhibit 3).
5. The Authorized Officers of the Corporation for purposes of this Resolution are the Chair, the Vice Chair, the Secretary of Commerce, the President & COO, the Chief Financial Officer or the Managing Director, Head of Investments (the "Authorized

Officers"). Any one of the Authorized Officers of the Corporation, acting singly, is hereby authorized to execute, acknowledge and deliver and/or cause to be executed, acknowledged or delivered any documents necessary or appropriate to consummate the transactions authorized herein with such changes, insertions, additions, alterations and omissions as may be approved by any such Authorized Officers, and execution thereof by any of the Authorized Officers shall be conclusive as to the authority of such Authorized Officers to act on behalf of the Corporation. The Authorized Officers of the Corporation shall have no obligation to take any action with respect to the authorization granted hereunder and the Corporation shall in no way be obligated in any manner to the Recipient by virtue of having adopted this Resolution. The Secretary or the Assistant Secretary of the Corporation, and each, acting singly, is hereby authorized to affix a seal of the Corporation on any of the documents authorized herein and to attest to the same.

6. All covenants, stipulations, and obligations and agreements of the Corporation contained in this Resolution and the documents authorized herein shall be deemed to be covenants, stipulations, obligations and agreements of the Corporation to the full extent authorized and permitted by law and such covenants, stipulations, obligations and agreements shall be binding upon any board or party to which any powers and duties affecting such covenants, stipulations, obligations and agreements shall be transferred by and in accordance with the law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Corporation or the members thereof, by the provisions of this Resolution and the documents authorized herein shall be exercised and performed by the Corporation, or by such members, officers, board or body as may be required by law to exercise such powers and perform such duties.
7. From and after the execution and delivery of the documents hereinabove authorized, any one of the Authorized Officers, acting singly, are hereby authorized, empowered and directed to do any and all such acts and things and to execute and deliver any and all such documents, including, but not limited to, any and all amendments to the documents, certificates, instruments and agreements hereinabove authorized, as may be necessary or convenient in connection with the transaction authorized herein.
8. All acts of the Authorized Officers which are in conformity with the purposes and intents of this Resolution and the execution, delivery and approval and performance of such documents authorized hereby and all prior actions taken in connection herewith are, ratified, approved and confirmed.

EXHIBIT 1

From: Stefan Pryor, Secretary of Commerce and Chief Executive Officer of the Rhode Island Commerce Corporation
Darin Early, President and Chief Operating Officer of the Rhode Island Commerce Corporation
To: Board of Directors, Rhode Island Commerce Corporation
Re: Rebuild Rhode Island Tax Credit Application
Date: May 22, 2017

The staff of the Rhode Island Commerce Corporation (the "Corporation") is recommending to the Board of Directors that it approve tax credits pursuant to the Rebuild Rhode Island Tax Credit program. The recommendation is as follows:

- To consider the applications of TPG 100 Sabin Hotel, LLC for tax credits of \$100,000.

This memo serves as the written confirmation, pursuant to Rhode Island General Laws § 46-64.20-6, of the following:

1. The Corporation staff has reviewed the application submitted and the impact analysis for this project (the impact analysis is provided to the Board as an exhibit to the approving resolution for the project).
2. The project is consistent with the purpose of the Rebuild Rhode Island Tax Credit Act, R.I. Gen. Laws § 42-64.20-1 *et seq.*
3. The total credits to be awarded to the applicant shall not be in excess of the amount listed above.

EXHIBIT 2



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF ADMINISTRATION

OFFICE of MANAGEMENT & BUDGET

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 574-8430

From: Jonathan Womer, Director of the Office of Management and Budget
To: Board of Directors, Rhode Island Commerce Corporation
Re: Rebuild Rhode Island Tax Credit Applications
Date: May 22, 2017

The staff of the Rhode Island Commerce Corporation (the "Corporation") has informed the Office of Management and Budget ("OMB") that it intends to recommend to the Corporation's Board of Directors (the "Board") two new projects for the receipt of tax credits under the Rebuild Rhode Island Tax Credit in an amount not to exceed \$3,100,000.00. That recommendation is as follows:

1. That the application submitted by TPG 100 Sabin Hotel, LLC be approved for tax credits in a maximum amount of \$100,000.00.
2. That the application submitted by 110 North Main, LLC and 110 North Main Management, LLC be approved for tax credits in a maximum amount of \$3,000,000.00.

As of May 1, 2017, the Corporation had approved tax credits and/or loans under the program in the amount of \$80,707,444.92. The approval of an additional \$3,100,000 in tax credits would bring the cumulative total of approved credits and/or loans to \$83,807,444.92. Currently, twenty-six million dollars have been appropriated into the Rebuild Rhode Island Tax Credit Fund. Additional funding is expected in future legislative sessions and Section 42-64.20-5(f) of the Rhode Island General Laws authorized aggregate tax credits and/or loans under the Rebuild Rhode Island Tax Credit program in an amount not to exceed \$150 million. Accordingly, the existing and anticipated revenue capacity for the Rebuild Rhode Island Tax Credit program exceeds the total amount of credits and/or loans that are proposed for approval. As a result, OMB confirms that the total maximum amount of credits and/or loans proposed above, i.e. \$3,100,000.00, does not exceed the existing and anticipated revenue capacity of the state for the Rebuild Rhode Island Tax Credit program. In addition, OMB confirms that, with the approval of the proposed credits and/or loans, the aggregate credits and/or loans approved by the Corporation under the Rebuild Rhode Island program will not exceed the maximum aggregate credits and/or loans allowed under the program.

Furthermore, based on information provided by the Corporation staff concerning the anticipated completion schedule of the projects that are the subject of this application and the likely distribution of credits and/or loan proceeds over the five-year payment period, OMB anticipates the budget impact to the state of the credits and/or loans, if approved, in the year of application and in subsequent years will be as set forth in the attached Exhibit A.

Page 2-
Rebuild RI Tax Credit Applications
May 22, 2017

The memorandum constitutes OMB's written confirmation pursuant to RIGL § 42-64.20-6(a)(4) and pursuant to Rule 12(a)(3) of the Rules and Regulations for the Rebuild Rhode Island Tax Credit Program. Pursuant to RIGL § 42-64.20-5(m), any disbursements to support the redemption of tax credits for 90% of their value are subject to appropriations, and applicants should be notified accordingly.

Exhibit A

Fiscal Year Impact of Proposed Rebuild Rhode Island Tax Credit Projects

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	Total
Projects Confirmed as of 1/25/16											
Bourne Capital Partners	\$0	\$0	\$637,688.00	\$641,518.00	\$484,598.00	\$484,598.00	\$484,598.00	\$0	\$0	\$0	\$2,733,000.00
John M. Corcoran & Co.	\$0	\$0	\$1,675,000.00	\$977,083.33	\$977,083.33	\$977,083.33	\$977,083.33	\$0	\$0	\$0	\$5,583,333.32
Subtotal:	\$0	\$0	\$2,312,688.00	\$1,618,601.33	\$1,461,681.33	\$1,461,681.33	\$1,461,681.33	\$0	\$0	\$0	\$8,316,333.32
Projects Confirmed as of 2/22/16											
Waldorf Capital Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Casa Mead Association, LLC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Projects Confirmed as of 3/28/16											
Providence Capital III	\$0	\$0	\$546,486	\$910,810	\$667,928	\$455,404	\$455,404	\$0	\$0	\$0	\$3,036,032.20
78 Fountain JV Owner, LLC	\$0	\$0	\$1,223,024.00	\$1,223,024.00	\$1,223,024.00	\$1,223,024.00	\$1,223,023.00	\$0	\$0	\$0	\$6,115,119.00
WinnDevelopment and Omni Development	\$0	\$0	\$1,097,280.00	\$914,400.00	\$548,640.00	\$548,640.00	\$548,640.00	\$0	\$0	\$0	\$3,637,600.00
Subtotal:	\$0	\$0	\$2,866,789.60	\$3,048,234.00	\$2,439,591.80	\$2,227,068.40	\$2,227,067.40	\$0	\$0	\$0	\$12,808,751.20
Projects Confirmed as of 5/09/16											
AT Cross Company	\$0	\$80,000.00	\$80,000.00	\$80,000.00	\$80,000.00	\$80,000.00	\$0	\$0	\$0	\$0	\$400,000.00
Subtotal:	\$0	\$80,000.00	\$80,000.00	\$80,000.00	\$80,000.00	\$80,000.00	\$0	\$0	\$0	\$0	\$400,000.00
Projects Confirmed as of 5/23/16											
Union Mill LLC	\$0	\$0.00	\$725,280.60	\$725,280.60	\$725,280.60	\$725,280.60	\$725,280.60	\$0	\$0	\$0	\$3,626,403.00
Subtotal:	\$0	\$0.00	\$725,280.60	\$725,280.60	\$725,280.60	\$725,280.60	\$725,280.60	\$0	\$0	\$0	\$3,626,403.00
Projects Confirmed as 6/27/16											
D'Ambra Watwick Hotel LLC	\$0	\$0	\$273,399.00	\$273,398.00	\$273,398.00	\$273,398.00	\$273,398.00	\$0	\$0	\$0	\$1,366,991.00
Ocean State Jobbers, Inc.	\$0	\$0	\$620,000.00	\$620,000.00	\$620,000.00	\$620,000.00	\$620,000.00	\$0	\$0	\$0	\$3,100,000.00
Subtotal:	\$0	\$0	\$893,399.00	\$893,398.00	\$893,398.00	\$893,398.00	\$893,398.00	\$0	\$0	\$0	\$4,466,991.00
Projects Confirmed as 8/20/16											
Finley Extracts & Ingredients USA, Inc.	\$0	\$0	\$35,394.00	\$35,394.00	\$35,394.00	\$35,394.00	\$35,394.00	\$20,000.00	\$20,000.00	\$20,000.00	\$276,970.00
Subtotal:	\$0	\$0	\$35,394.00	\$35,394.00	\$35,394.00	\$35,394.00	\$35,394.00	\$20,000.00	\$20,000.00	\$20,000.00	\$276,970.00
Projects Confirmed as 8/22/16											
Lippitt Mill LLC	\$0	\$0	\$420,701.00	\$420,700.00	\$420,700.00	\$420,700.00	\$420,700.00	\$0	\$0	\$0	\$2,103,501.00
Subtotal:	\$0	\$0	\$420,701.00	\$420,700.00	\$420,700.00	\$420,700.00	\$420,700.00	\$0	\$0	\$0	\$2,103,501.00
Projects Confirmed as 9/26/16											
Urban Smart Growth, LLC	\$0	\$0	\$713,932.00	\$713,932.00	\$713,931.00	\$713,931.00	\$713,931.00	\$0	\$0	\$0	\$3,569,637.00
Royal Oaks Realty, LLC	\$0	\$0	\$503,435.00	\$503,435.00	\$503,435.00	\$503,435.00	\$503,434.00	\$0	\$0	\$0	\$2,517,174.00
Subtotal:	\$0	\$0	\$1,217,367.00	\$1,217,367.00	\$1,217,366.00	\$1,217,366.00	\$1,217,365.00	\$0	\$0	\$0	\$6,086,811.00
Projects Confirmed as 11/21/16											
City of Newport	\$0	\$0	\$638,437.00	\$425,625.00	\$425,625.00	\$319,218.00	\$319,218.00	\$0	\$0	\$0	\$2,128,123.00
Subtotal:	\$0	\$0	\$638,437.00	\$425,625.00	\$425,625.00	\$319,218.00	\$319,218.00	\$0	\$0	\$0	\$2,128,123.00
Projects Confirmed as 12/19/16											
Chestnut Commons	\$0	\$0	\$0.00	\$595,072.00	\$595,071.00	\$595,071.00	\$595,071.00	\$595,071.00	\$0	\$0	\$2,975,356.00

Virgin Pulse	\$0	\$301,924.80	\$251,604.00	\$150,962.40	\$150,962.40	\$821,216.40	\$558,545.50	\$335,127.30	\$335,127.30	\$335,127.30	\$3,240,597.40
Subtotal:	\$0	\$301,924.80	\$251,604.00	\$746,034.40	\$746,034.40	\$1,416,287.40	\$1,153,616.50	\$930,198.30	\$335,127.30	\$335,127.30	\$6,215,953.40
Projects Confirmed as 1/23/17	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	Total
Downeity	\$0	\$0	\$2,196,151.00	\$1,830,127.00	\$1,098,076.00	\$1,098,076.00	\$1,098,076.00	\$0	\$0	\$0	\$7,320,506.00
Subtotal:	\$0	\$0	\$2,196,151.00	\$1,830,127.00	\$1,098,076.00	\$1,098,076.00	\$1,098,076.00	\$0	\$0	\$0	\$7,320,506.00
Projects Confirmed as 2/27/17	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	Total
SAT Development LLC	\$0	\$0	\$0	\$298,500.00	\$248,750.00	\$149,250.00	\$149,250.00	\$149,250.00	\$0	\$0	\$995,000.00
Agoda Travel Operations USA Inc.	\$0	\$0	\$203,675.00	\$203,675.00	\$203,675.00	\$203,675.00	\$203,674.00	\$0	\$0	\$0	\$1,018,374.00
Subtotal:	\$0	\$0	\$203,675.00	\$502,175.00	\$452,425.00	\$352,925.00	\$352,924.00	\$149,250.00	\$0	\$0	\$2,013,374.00
Projects Confirmed as 5/1/17	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	Total
SSL Partner, LLC	\$0	\$0	\$0	\$0	\$3,000,000.00	\$3,000,000.00	\$3,000,000.00	\$3,000,000.00	\$3,000,000.00	\$0	\$15,000,000.00
Waxford Science & Technology, LLC ⁽¹⁾	\$0	\$0	\$0	\$1,670,982.00	\$1,670,982.00	\$1,670,982.00	\$1,670,982.00	\$1,670,982.00	\$0	\$0	\$8,354,910.00
Case Mead Association, LLC ⁽²⁾	\$0	\$0	\$317,760.00	\$317,760.00	\$317,760.00	\$317,759.00	\$317,759.00	\$0.00	\$0	\$0	\$1,588,798.00
Subtotal:	\$0	\$0	\$317,760.00	\$1,988,742.00	\$4,988,742.00	\$4,988,741.00	\$4,988,741.00	\$4,670,982.00	\$3,000,000.00	\$0	\$24,943,708.00
Projects Confirmed as 5/2/17	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	Total
TPG 100 Sabin Hotel, LLC	\$0	\$0	\$0	\$20,000	\$20,000.00	\$20,000	\$20,000.00	\$20,000	\$0	\$0	\$100,000.00
110 North Main, LLC and 110 North Main Mar	\$0	\$0	\$0	\$600,000.00	\$600,000.00	\$600,000.00	\$600,000.00	\$600,000.00	\$0	\$0	\$3,000,000.00
Subtotal:	\$0	\$0	\$0.00	\$620,000.00	\$620,000.00	\$620,000.00	\$620,000.00	\$620,000.00	\$0.00	\$0	\$3,100,000.00
ALL PROJECTS TOTAL:	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	Total
	\$0	\$381,924.80	\$12,159,246.20	\$14,151,678.33	\$15,604,313.13	\$15,876,135.73	\$15,533,461.83	\$6,390,430.30	\$3,355,127.30	\$355,127.30	\$83,807,444.92

Notes
(1) River House
(2) Amended

EXHIBIT 3

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
TPG 100 Sabin Hotel LLC Application

Introduction

The Rhode Island Commerce Corporation (the "Corporation") may issue Rebuild Rhode Island tax credits to TPG 100 Sabin Hotel LLC (the "Sponsor"), an entity owned by the Procaccianti Companies. The credits would be issued in connection with the Sponsor's decision to invest in the development of a new, 176-room Residence Inn by Marriott extended-stay hotel. The project would also include the development of 6,000 square feet of third-party retail space. The total cost of the proposed project is estimated to be nearly \$59.8 million.

The Sponsor is requesting:

- A Rebuild Rhode Island tax credit with a gross value of \$100,000;
- A sales and use tax exemption on eligible construction and fit-out costs, valued at nearly \$1.3 million; and
- \$6,000,000 in tax increment financing (TIF).

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor's estimate of total project costs is nearly \$59.8 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Property cost	\$2.5
Construction (hard cost)	\$43.7
Soft costs	\$13.6
Total	\$59.8

After excluding certain costs that for purposes of this analysis do not have a direct, current impact on Rhode Island's economy (such as site acquisition and interest payments), the remaining hard and soft costs total \$55.9 million. Using the IMPLAN input-output modeling system (a modeling tool commonly used in economic impact studies), Appleseed estimates that direct expenditures of \$55.9 million will directly and indirectly generate:

- 383 person-years¹ of work in Rhode Island;
- \$23.0 million in-earnings (in 2018 dollars);
- Approximately \$66.1 million in statewide economic output²; and
- A one-time increase of more than \$35.3 million in Rhode Island's GDP.

¹ A person-year is equivalent to the time worked by one person who is employed full-time for a year. For example, it could represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

² Output is a measure of the total sales by Rhode Island companies (including the "sale" of labor by Rhode Island households) generated by the project.

These impacts are summarized below in Table 2. The project's *direct impact* is the impact of the company's direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc) purchased from other Rhode Island businesses.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	290	\$17.8	\$27.0	\$52.2
Indirect Effect	93	5.2	8.3	13.9
Total Effect	383	\$23.0	\$35.3	\$66.1

In addition to the impacts cited in Table 2, direct expenditures of \$55.9 million would directly and indirectly generate a projected one-time increase of approximately \$1.35 million in taxes paid to the State during construction (a total that excludes approximately \$1.3 million in state sales and use taxes on construction materials for which the Sponsor has requested an exemption). This increase of \$1.35 million would include approximately:

- \$863,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$377,000 in state sales taxes paid on those workers' taxable household spending; and
- \$109,000 in state business corporation taxes paid by companies directly or indirectly working on the project.

Most of the activity reflected in Table 2 is expected to occur between the spring of 2017 and the end of 2018. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage
Architect	\$42.50
Construction manager	\$50.86
Carpenter	\$22.42
Electrician	\$25.26
Plumber	\$24.84
Painter	\$18.69
Laborer	\$18.68

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

The Sponsor has stated that after the project is completed (expected to occur in 2018), the proposed Residence Inn would employ 30 to 40 people. For purposes of this analysis, Appleseed assumes that the hotel will employ 35.

³ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016

The Sponsor expects that the proposed 6,000 square feet of ground-floor retail space would be occupied by a restaurant employing 30 people.

Using IMPLAN, Applesseed estimates that the ongoing operations of the proposed hotel and restaurant together would directly and indirectly account for:-----

- 76 FTE jobs in Rhode Island;
- Nearly \$2.9 million in annual earnings (in 2019 dollars);
- Nearly \$8.4 million in annual statewide economic output; and
- An increase of approximately \$5.2 million in Rhode Island's annual GDP.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	65	\$2.2	\$4.2	\$6.6
Indirect Effect	11	0.7	1.0	1.8
Total Effect	76	\$2.9	\$5.2	\$8.4

Workers who fill new hotel and restaurant jobs are expected to be drawn primarily from Providence and from other nearby communities.

In addition to the impacts cited in Table 4, ongoing operations at the new Residence Inn would directly and indirectly generate a projected increase of approximately \$937,000 in taxes paid annually to the state. These taxes would include approximately:

- \$769,000 in state sales and hotel taxes paid on room rents and restaurant bills
- \$108,000 in state personal income taxes paid by Rhode Island workers employed directly by the Residence Inn or by the restaurant, or whose jobs are indirectly attributable to those businesses;
- \$47,000 in state sales taxes paid on those workers' taxable household spending; and
- \$13,000 in state business corporation taxes directly or indirectly attributable to hotel and restaurant operations.

Impact

The state fiscal impact of the requested tax credits and sales tax exemption is up to \$7.4 million in foregone state revenues. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase of \$5.2 million in annual state GDP, the estimated associated job creation, and a gross increase of approximately \$12.6 million in personal income, sales, hotel and business corporation tax revenues during the construction phase and during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Add new hotel capacity in a segment of the market that is not now well-served in the Downcity area
- Support the Convention Center and the arena by providing a new dining option immediately across the street
- Increase local property tax and hotel tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the tax credits and sales and use tax exemption are capped at the amounts set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly.