

RHODE ISLAND COMMERCE CORPORATION

AGENDA

SEPTEMBER 23, 2019

Call to order and opening remarks.

- Tab 1: To consider the approval of meeting minutes.
- Tab 2: To consider approval of the Corporation's financial statements.
- Tab 3: To consider an amendment to the award of incentives for Pawtucket Development Group, LLC under the Rebuild Rhode Island Tax Credit program.*
- Tab 4: To consider for approval a Network Matching Grant to New England Medical Innovation Center.*
- Tab 5: To consider for approval Innovation Vouchers.*
- Tab 6: To receive an update on the promulgation of rules and regulations regarding the recently enacted Small Business Development Fund program and to take such actions that the Board may deem appropriate in relation to such regulations.*
- Tab 7: To consider the utilization of the Corporation's incentive programs for the investment of public funds.*

*Board members may convene in Executive Session pursuant to R.I. Gen. Laws § 42-46-5(a)(7) to consider this Agenda item.

TAB 1

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

SEPTEMBER 23, 2019

APPROVED

VOTED: To approve the executive session meeting minutes for the August 26, 2019 and September 16, 2019 meetings and that such minutes remain sealed.

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

SEPTEMBER 23, 2019

APPROVED

VOTED: To approve the September 16, 2019, public session meeting minutes as presented to the Board.

RHODE ISLAND COMMERCE CORPORATION
MEETING OF DIRECTORS
PUBLIC SESSION
September 16, 2019

The Board of Directors of the Rhode Island Commerce Corporation (the "Corporation") met on September 16, 2019, in Public Session, beginning at 1:30 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908, pursuant to the public notice of meeting, a copy of which is attached hereto as **Exhibit A**, as required by applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Gina M. Raimondo, Bernard Buonanno, III, Dr. Brenda Dann-Messier, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Michael McNally, George Nee, and Donna Sams.

Directors absent were: Ronald O'Hanley, Vanessa Toledo-Vickers, and Karl Wadensten.

Also present were: Secretary of Commerce Stefan Pryor; Jesse Saglio, President & COO; and Thomas E. Carlotto, Esq.

1. **CALL TO ORDER AND OPENING REMARKS.**

Governor Raimondo called the meeting to order at 1:31 p.m., indicating that a quorum was present.

2. **TO CONSIDER THE APPROVAL OF MEETING MINUTES FOR THE MEETING HELD ON AUGUST 26, 2019.**

Upon motion duly made by Ms. Dann-Messier and seconded by Ms. Sams, the following vote was adopted:

VOTED: To approve the meeting minutes for the meeting held August 26, 2019 as presented to the Board.

Voting in favor of the foregoing were: Dr. Brenda Dann-Messier, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Michael McNally, and Donna Sams.

Voting against the foregoing were: none.

Abstaining from participating in the foregoing were: Bernard Buonanno, III, and George Nee.

3. TO DISCUSS THE RECENTLY ENACTED SMALL BUSINESS DEVELOPMENT FUND PROGRAM AND TO CONSIDER AUTHORIZATION TO PROMULGATE RULES AND REGULATIONS UNDER RIGL § 42-35-2.10 AND/OR §§ 42-35-2.1-2.9.

The Governor recapped the last meeting at which the Board had a conversation about the newly-enacted Small Business Development Fund tax credit program (“SBDF”). She noted the Board members’ concerns with the program and stated that Corporation intends to promulgate emergency rules and regulations in an attempt to make the program a prudent investment of the States’ funds and to protect the taxpayers’ dollars. She stated that she received a letter from the Board, which expresses the Board’s dissatisfaction with the program.

Mr. McNally stated that the SBDF is not good for taxpayers, and due to the program’s shortfalls, the Corporation’s Investment Committee drafted a letter to the Governor that outlines the problems with the SBDF. Those issues, Mr. McNally stated, include a tax credit in the high amount of sixty-five percent of an investment, the fact that the program appears to operate on a “first come, first serve” basis, and the lack of any reasonable qualifications or controls. Mr. McNally indicated that the letter requested the Corporation’s staff to draft regulations relative to the SBDF.

Attorney Carlotto explained that the framework of the draft regulations was to put in place administrative controls to ensure that a tax credit will result in a positive economic impact, outline how the tax credits will be monitored, and provide other fiscal safeguards.

Attorney Carlotto stated that the draft rules and regulations focus on three main elements in regard to an application for a tax credit. First, he explained, the regulations require an applicant to submit a business plan and outline what must be submitted with those materials, such as operational plans and expected performance of the investment. Next, Attorney Carlotto explained that the draft regulations require the submission of a revenue impact assessment conducted by national, pre-qualified firms to demonstrate the anticipated incremental, direct and indirect economic impact of the proposed investment. Attorney Carlotto also noted the requirement that an applicant submit an investment history that outlines an applicant’s prior investments and demonstrates the performance of those investments. After an application is submitted, he explained, the Corporation staff would review the application for compliance with the statute and the regulations including completeness and, if the staff deemed the application compliant, the staff would submit the application to the Board for its consideration. He noted that the Board would ultimately make the determination relative to approval of an application and the draft rules include the ability of the Board to retain the authority to approve each investment made by an approved applicant.

Attorney Carlotto discussed the provisions relative to monitoring performance and outcomes through enhanced reporting requirements. He explained, that upon exit of the program, the regulations provide for a reduction of a tax credit allocation if an applicant’s investment does not result in a positive economic impact. He noted that the reduction of an allocation of tax credits as well as the repayment and recapture provisions will be guaranteed by a bond, which will be

required under the draft regulations. He also noted that the draft regulations require a co-investment partnership with a financial institution in the State.

In response to questions by Mr. McNally, Mr. Buonanno, and the Governor, Attorney Carlotto stated that there is no list of approved State-based financial institutions, the regulations require a relationship, such as a contractual relationship, and the relationship needs to be with the small business development fund. Secretary Pryor noted the purpose of this requirement, which is to have a community-facing outreach process. Mr. Buonanno did not support the co-investment partnership requirement as he believed that it could be detrimental to State-based businesses, but noted that the remainder of the regulatory framework promoted the Board's attempt to safeguard taxpayer dollars and make a prudent tax credit program. Mr. McNally and Ms. Kaplan agreed that the draft regulations addressed the Board's concerns with the SBDF and advanced the Board's intent to make the SBDF a reasonable tax credit program.

In response to a question by Ms. Kaplan, Attorney Carlotto responded that in drafting the regulations, he and the Corporation's staff reviewed the regulations of similar programs in other states, but most of those programs were terminated for lack of adequate economic returns. Therefore, he noted, the regulations have the same or similar themes or requirements of the Corporation's other tax credit programs. Ms. Sams commended Attorney Carlotto and the Corporation's staff for their efforts in drafting the regulations and attempting to protect the taxpayers. In response to a question by Mr. Buonanno, Attorney Carlotto stated that before the Board for approval was the authorization to promulgate emergency regulations as well as authority to proceed with additional rulemaking after the adoption of emergency regulations. He indicated that the drafts circulated to the Board will likely change and the Board is being asked to approve the promulgation of the regulations by executive management of the Corporation. In response to a question, attorney Carlotto stated, there will be no notice and comment period with respect to the emergency process rather notice and public comment would occur in the regular rule making process. Attorney Carlotto explained the regular process for promulgating regulations under the Rhode Island Administrative Procedures Act.

Secretary Pryor noted that the SBDF, as written and without regulations, would provide for a first-in-line authorization without any substantive review by the Corporation. That would change, he noted, with the proposed regulations, which provide for a thorough evaluation process and require public accountability. Mr. Kelly noted that he shared Mr. Buonanno's concerns about the co-investment partnership requirement.

The Governor indicated that the Board would now enter into executive session and solicited a motion to enter into Executive Session pursuant to Rhode Island General Laws Section 42-46-5(a)(2) and (a)(7) to discuss the recently enacted Small Business Development Fund program, the authorization to promulgate rules and regulations and potential litigation.

Upon motion duly made by Mr. O'Hanley and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: To enter into Executive Session pursuant to Rhode Island General Laws Section 42-46-5(a)(2) and (a)(7) to discuss the recently enacted Small

Business Development Fund program, the authorization to promulgate rules and regulations and potential litigation.

Voting in favor of the foregoing were: Bernard Buonanno, III, Dr. Brenda Dann-Messier, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Michael McNally, George Nee, and Donna Sams.

Voting against the foregoing were: none.

Board members, counsel, and staff entered into executive session at 2:05 p.m.

Board members, counsel, and staff returned to public session at 2:23 p.m.

Upon entering public session, Attorney Carlotto announced that no votes were taken in executive session other than a vote to adjourn the executive session.

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

VOTED: To seal the minutes of the executive session.

Voting in favor of the foregoing were: Bernard Buonanno, III, Dr. Brenda Dann-Messier, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Michael McNally, George Nee, and Donna Sams.

Voting against the foregoing were: none.

Upon motion duly made by Mr. McNally and seconded by Ms. Dann-Messier, the following vote was adopted:

VOTED: To authorize the promulgation of rules pursuant to the resolution submitted to the Board.

Voting in favor of the foregoing were: Bernard Buonanno, III, Dr. Brenda Dann-Messier, Tim Hebert, Mary Jo Kaplan, Jason Kelly, Michael McNally, George Nee, and Donna Sams.

Voting against the foregoing were: none.

A copy of the resolution is attached hereto as **Exhibit B**.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 2:24 p.m. upon motion made by Ms. Dann-Messier and seconded by Ms. Sams.

Thomas E. Carlotto, Secretary

SEPTEMBER 16, 2019 PUBLIC SESSION MEETING MINUTES

EXHIBIT A

RHODE ISLAND COMMERCE CORPORATION
PUBLIC NOTICE OF MEETING

A meeting of the Board of Directors of the Rhode Island Commerce Corporation will be held at the offices of the **Rhode Island Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island**, on **September 16, 2019** beginning at **1:30 p.m.** for the following purposes:

1. To consider for approval meeting minutes.*
2. To discuss the recently enacted Small Business Development Fund program and to consider authorization to promulgate rules and regulations under RIGL § 42-35-2.10 and/or §§ 42-35-2.1-2.9.*
3. To consider the utilization of the Corporation's incentive programs for the investment of public funds.*

*Board members may convene in Executive Session pursuant to:

- R.I. Gen. Laws § 42-46-5(a)(7): A matter related to the question of the investment of public funds where the premature disclosure would adversely affect the public interest; and
- R.I. Gen. Laws § 42-46-5(a)(2): Sessions pertaining to collective bargaining or litigation, or work sessions pertaining to collective bargaining or litigation.

This notice shall be posted at the Office of the Rhode Island Commerce Corporation, at the State House, and by electronic filing with the Secretary of State's Office.

Shechtman Halperin Savage, LLP,
Counsel to the Corporation

Dated: September 12, 2019.

The location is accessible to the handicapped. Those requiring interpreter services for the hearing impaired must notify the Rhode Island Commerce Corporation at 278-9100 forty-eight (48) hours in advance of the meeting. Also, for the hearing impaired, assisted listening devices are available onsite, without notice, at this location.

SEPTEMBER 16, 2019 PUBLIC SESSION MEETING MINUTES

EXHIBIT B

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RHODE ISLAND COMMERCE CORPORATION**

September 16, 2019

(With Respect to the Promulgation of Rules)

WHEREAS, the General Assembly recently enacted the Small Business Development Fund program (the "Program"), which is to be administered by the Rhode Island Commerce Corporation (the "Corporation"); and

WHEREAS, the Corporation has determined that it is in the best interest of the Corporation and the State of Rhode Island and Providence Plantations (the "State") to have rules and regulations in place to govern the administration of the Program.

NOW, THEREFORE, be it resolved by the Rhode Island Commerce Corporation (the "Corporation") as follows:

1. The Corporation hereby authorizes the Chief Executive Officer and/or the President and Chief Operating Officer, acting singly, (the "Authorized Officers") to make such findings and promulgate rules and regulations (the "Rules") for the Program as such Authorized Officer deems appropriate and to undertake any actions as such Authorized Office deems appropriate, necessary or as may be required pursuant to applicable law in connection with the Corporation's adoption of the Rules including, but not limited to, fulfilling the requirements of the Administrative Procedures Act, Chapter 35 of Title 42 of the General Laws inclusive of adoption of the Rules under RIGL § 42-35-2.10.
2. The Authorized Officers shall have the authority to take any and all actions as deemed appropriate by such Officer to promulgate the Rules, inclusive of any amendments thereto from time to time or in response to input from any State agency and/or public comment and the filing of the Rules with the Secretary of State.
3. This Resolution shall take effect immediately upon passage by the Corporation's Board of Directors.

TAB 2

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

SEPTEMBER 23, 2019

APPROVED

VOTED: To approve the financial statements of the Corporation as presented to the Board with such revisions or insertions as the President & COO or the CFO deem necessary to finalize and publish such financial statements.

TAB 3

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

SEPTEMBER 23, 2019

APPROVED

VOTED: To approve an amendment to the award of incentives for Pawtucket Development Group, LLC under the Rebuild Rhode Island Tax Credit program pursuant to the resolution submitted to the Board.

RHODE ISLAND COMMERCE CORPORATION
RESOLUTION AUTHORIZING THE ISSUANCE OF INCENTIVES
UNDER THE REBUILD RHODE ISLAND TAX CREDIT ACT
September 23, 2019

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 incentives, including loans, in relation to certain development projects in the State; and

WHEREAS: The Corporation promulgated rules and regulations (the “Rules”) governing the issuance of incentives under 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 previously approved an application from Pawtucket Development Group, LLC (together with its nominee or an assignee, the “Recipient”) under the Rebuild RI Tax Credit Act in relation to a residential project (the “Project”) located at 825 Main Street, West Warwick, RI; and

WHEREAS: After additional vetting and due diligence, the Recipient has provided the Corporation with information evidencing an increased financial gap; and

WHEREAS: The Corporation’s Investment Committee has voted to recommend to the Board of Directors (the “Board”) of the Corporation the approval of additional tax credits; and

WHEREAS: The Board has 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 incentives 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 in an amount not to exceed \$2,553,501 and authorizes a sales and use tax exemption in addition to the tax credits with any sales and use tax exemption exceeding \$230,691 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 amended Incentive Agreement between the Corporation and the Recipient meeting the requirements of the Rebuild RI Tax Credit Act, which agreement shall expressly provide, as applicable, that the Loan will not be a general obligation of the Corporation and shall otherwise be in such form as one of the Authorized Officers (hereinafter defined) shall deem appropriate in the sole discretion of such Authorized Officer;
 - b. Verification by the Corporation of compliance with the Eligibility Requirements of Rule 6 of the Rules prior to issuance of Certification to the Recipient; and
 - c. Such additional terms and 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: (a) the approval will prevent, eliminate, or reduce unemployment or underemployment in the State and will generally benefit economic development of the State; (b) that, to the extent applicable, the provisions of RIGL § 42-64-10(a)(1)(ii) through (v) have been satisfied; (c) 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; (d) 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; (e) 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; (f) 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); (g) 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); (h) 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 (i) the Recipient has demonstrated that it will otherwise satisfy the Eligibility Requirements of Rule 6 of the Rules for a Mixed-Use Project.

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.

9. This Resolution shall take effect immediately upon passage.

EXHIBIT 1

From: Stefan Pryor, Secretary of Commerce and Chief Executive Officer of the Rhode Island Commerce Corporation
Jesse Saglio, 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: September 23, 2019

The staff of the Rhode Island Commerce Corporation (the “Corporation”) is recommending to the Board of Directors that it approve an award of incentives pursuant to the Rebuild Rhode Island Tax Credit program. The recommendation is as follows:

- To consider the amended application of Waldorf Capital Partners, LLC for tax credits of \$2,103,501 for a residential project.

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.*

EXHIBIT 2

EXHIBIT 3

Rhode Island Commerce Corporation

Rebuild Rhode Island Tax Credits – Economic Impact Analysis

Pawtucket Development Group, LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to Pawtucket Development Group, LLC (the “Sponsor”). The credits would be issued in connection with the Sponsor’s investment in the redevelopment of a complex of historic mill buildings located at 825 Main Street in the Town of West Warwick. The project would result in the creation of 65 new residential rental units. The Sponsor estimates the total cost of the project to be approximately \$18.8 million.

The Sponsor is requesting a Rebuild Rhode Island Tax Credit with a net value of \$2,298,151 and an exemption from sales taxes on eligible construction materials and furnishings, valued by the sponsor at \$230,691.

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

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$18.8 million. After excluding certain costs that do not have a direct, current impact on Rhode Island’s economy (such as land and building acquisition, reserves and interest costs), Appleseed estimates that hard construction costs and soft costs will total approximately \$15.4 million.

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

Component	Estimated cost
Land and building acquisition	\$0.7
Building construction (hard cost)	\$12.1
Soft costs	\$6.0
Total	\$18.8

Appleseed estimates that direct spending of \$15.4 million will directly and indirectly generate:

- 116 person-years¹ of work in Rhode Island;

¹ A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example 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.

- Approximately \$6.4 million in earnings;
- Approximately \$21.1 million in State-wide economic output²; and
- A one-time increase of \$10.7 million in Rhode Island's GDP.

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.

In addition to the impacts on employment, earnings, output and state GDP cited above, a direct expenditure of \$15.4 million would generate a projected one-time increase of approximately \$375,000 in taxes paid to the State during construction, including:

- \$240,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$105,000 in state sales taxes paid on those workers' taxable household spending;
- \$30,000 in state business corporation taxes.

Table 2: Direct and indirect impact of construction and related spending (employment in person-years; income, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	71	\$4.3	\$7.2	\$15.4
Indirect Effect	45	\$2.1	\$3.5	\$5.7
Total Effect	116	\$6.4	\$10.7	\$21.1

Most of the activity reflected in Table 1 will occur during the construction period, expected to be completed in late 2019 or early 2020. 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 ³
Architect	\$37.59
Construction manager	\$54.74
Carpenter	\$22.68
Electrician	\$28.40
Plumber	\$24.62
Painter	\$19.92
Laborer	\$21.25

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.

³ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2018

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 estimates that when the project is completed, 3 to 4 workers will be employed (on an FTE basis) to manage and maintain the residential units, and that the project’s stabilized-year operating and administrative expenses will total approximately \$459,000.

Based on these estimates, Appleseed projects (as shown below in Table 4), that when the project is completed and fully occupied (which is assumed to occur in 2019), it will directly and indirectly account for:

- 8 full-time equivalent jobs in Rhode Island;
- \$359,000 in annual earnings (in 2019 dollars);
- More than \$578,000 in annual statewide economic output; and
- An increase approximately \$460,000 in Rhode Island’s annual GDP.

In addition to the impacts on employment, earnings, output and state GDP cited in Table 4, ongoing operations and maintenance would generate a projected gross increase of approximately \$21,000 in taxes paid annually to the State (in addition to the \$382,000 in state tax revenues cited above that would be generated by spending on construction), including:

- \$13,000 in state personal income taxes paid by Rhode Island workers employed in the operation and management of project, or whose jobs are indirectly attributable to the project;
- \$6,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$2,000 in state business corporation taxes.

Table 4: Direct⁴ and indirect impact of annual residential building operations (employment in FTE; income, value-added and output in thousands of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	7	\$318	\$385	\$450
Indirect Effect	1	\$41	\$75	\$128
Total Effect	8	\$359	\$460	\$578

The workers employed directly in management and maintenance of the residential building will most likely be drawn from neighborhoods within the Town of West Warwick and from other nearby communities.

⁴ Direct employees in this table include those employed directly by the building management company and contract workers.

Impact

The state fiscal impact of the requested tax credits and state sales and use tax exemption is up to \$2.529 million in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase of \$460,000 in annual state GDP, the associated job creation, and a gross increase of approximately \$684,000 in personal income, sales and business corporation tax revenues directly and indirectly generated by the project during the construction phase and by ongoing operations during the twelve years following completion of the project.

In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways:

- Preserving and reusing a historic mill building;
- Remediating a site with potential environmental hazards;
- Increasing the supply of rental housing in a community with a low vacancy rate; and
- Adding to the Town of West Warwick's tax base.

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 are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly.

TAB 4

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

SEPTEMBER 23, 2019

APPROVED

VOTED: To approve a Network Matching Grant to New England Medical Innovation Center pursuant to the resolution submitted to the Board.

RHODE ISLAND COMMERCE CORPORATION
RESOLUTION AUTHORIZING THE ISSUANCE OF
INNOVATION NETWORK MATCHING GRANT
UNDER THE INNOVATION INITIATIVE ACT

September 23, 2019

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 64.28 of Title 44 of the General Laws of Rhode Island (the “Innovation Act”), as amended, authorizes the Corporation to award Innovation Network Matching Grants (“Grants”) as set forth in the Rules (defined below); and

WHEREAS: The Corporation promulgated rules and regulations (the “Rules”) governing the program established by the Innovation Act. Capitalized terms used herein but not defined shall have the meaning as set forth in the Rules; and

WHEREAS: The Corporation received an application from the New England Medical Innovation Center (the “Recipient”) for an award of a Grant; and

WHEREAS: The Board of Directors of the Corporation (the “Board”) received a presentation detailing the Grant proposed to be granted to Recipient together with a recommendation from the staff of the Corporation to approve the award of the Grant to the Recipient in accordance with the Innovation 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 Innovation Act, the Corporation approves the award of a Grant to the Recipient in an amount up to \$195,000 and determines that the award is granted in compliance with the Grant Application Review and Evaluation Principles adopted by the Corporation.
2. The authorization provided herein is subject to the following conditions:
 - a. The execution of a Grant Agreement between the Corporation and the Recipient meeting the requirements of the Innovation 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 the Rules prior to issuance of the Grant; and
 - c. Such additional conditions as any of the Authorized Officers (defined below), acting singly, shall deem appropriate in the sole discretion of such Officer.
- 3. 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 Innovation Director (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.
- 4. 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.
- 5. 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.
- 6. 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.

TAB 5

VOTE OF THE BOARD OF DIRECTORS
OF THE RHODE ISLAND COMMERCE CORPORATION

SEPTEMBER 23, 2019

APPROVED

VOTED: To approve Innovation Vouchers pursuant to the resolution submitted to the Board.

RHODE ISLAND COMMERCE CORPORATION
RESOLUTION AUTHORIZING THE ISSUANCE OF INNOVATION VOUCHERS
UNDER THE INNOVATION INITIATIVE ACT

September 23, 2019

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 64.28 of Title 42 of the General Laws of Rhode Island (the “Innovation Act”), as amended, authorizes the Corporation to award Innovation Vouchers for Small Businesses to receive technical or other assistance as set forth in Rule 6 of the Rules (defined below); and

WHEREAS: The Corporation promulgated rules and regulations (the “Rules”) governing the program established by the Innovation Act. Capitalized terms used herein but not defined shall have the meaning as set forth in the Rules; and

WHEREAS: The Corporation received applications from each company identified on Exhibit 1 annexed hereto (the “Recipients”) for awards of an Innovation Voucher (the “Voucher”); and

WHEREAS: The Board of Directors of the Corporation (the “Board”) received a presentation detailing the Voucher proposed to be granted to the applicant together with a recommendation from the staff of the Corporation to approve the award of Voucher to the Recipients in accordance with the Innovation 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 Innovation Act, the Corporation approves the award of a Voucher to each Recipient in the amounts set forth in Exhibit 1.
2. The authorization provided herein is subject to the following conditions:
 - a. The execution of a Voucher Agreement between the Corporation and the Recipients meeting the requirements of the Innovation 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 7 of the Rules prior to issuance of a Voucher; 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 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 Innovation Director (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 Recipients 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.
4. 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.
5. 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.
6. 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.
7. This resolution shall take effect immediately upon adoption by the Board.

EXHIBIT 1

<u>Applicant</u>	<u>Amount</u>
Clark Industrial Engineering	\$50,000
EchoWear, LLC	\$50,000
Farsounder, Inc.	\$49,854

TAB 6