

RHODE ISLAND COMMERCE CORPORATION  
RESOLUTION AUTHORIZING THE ISSUANCE OF INCENTIVES  
UNDER THE QUALIFIED JOBS TAX CREDIT ACT

July 22, 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 "Enabling Act"); and

**WHEREAS:** Chapter 48.3 of Title 44 of the General Laws of Rhode Island (the "Act"), as amended, authorizes the Corporation to approve the issuance of tax credits in relation to the creation of new jobs in the State; and

**WHEREAS:** The Corporation received an application for incentives under the Act from Aretec, Inc. (together with affiliates, successors and assigns, the "Recipient"), which is anticipated to result in the creation of new full-time jobs in the State; and

**WHEREAS:** The Corporation's Investment Committee has reviewed and considered the proposed incentives to the Recipient and has voted to recommend to the Board of Directors (the "Board") of the Corporation the approval of the incentives; and

**WHEREAS:** The Board has received a presentation detailing the 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 Act.

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

**RESOLVED:**

1. To accomplish the purposes of the Enabling Act and the Act, the Corporation approves the issuance of the following incentives:
  - a. Under the Act, tax credits to the Recipient up to the amount of forty (40) jobs not to exceed Seven Thousand Five Hundred Dollars (\$7,500) per new full-time job annually; and
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 Act in such form as one of the Authorized Officers (hereinafter defined) shall deem appropriate in the sole discretion of such Officer;

- b. The creation of not less than the minimum required new full-time jobs under the Act, which earn no less than the median hourly wage as most recently reported by the United States Bureau of Labor Statistics for the State of Rhode Island; 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: (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 has demonstrated an intention to create the requisite number of new full-time jobs as required under the Act; (d) the creation of the new full-time jobs would not occur in the State but for the provision of the tax credits under the Act;
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 incentives 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 1).
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 Executive Vice President Investment (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 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

**Rhode Island Commerce Corporation**  
**Qualified Jobs Incentive Tax Credits – Economic Impact Analysis**  
*Aretec, Inc. Application*

**Introduction**

The Rhode Island Commerce Corporation (the "Corporation") may issue Qualified Jobs Incentive tax credits to Aretec, Inc. ("the Company"), a Fairfax, Virginia-based software and data science consulting firm that serves both federal government and commercial clients. The credits would be issued in connection with the Company's decision to open a new office in Rhode Island, to be located in the Cambridge Innovation Center's new facility on Dyer Street in Providence. The new office would open in 2021; it would initially employ 20 people full-time, rising to 40 in 2022.

The Company is expected to request Qualified Jobs Incentive tax credits with an estimated value of approximately \$800,000.

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

**Jobs Analysis**

***Annual operations***

As noted above, the Company plans to have 20 qualifying employees working in its new Providence office facility in 2021, rising to 40 in 2022. Table 1 summarizes the categories in which these jobs will be created (as of 2022), and median earnings for each category.

**Table 1: Projected employment, 2022**

<b>Job category</b>	<b>New positions (as of 2022)</b>	<b>Median salary</b>
<b>Business operations</b>	23	\$68,700
<b>Data analytics</b>	15	\$78,000
<b>Graphics design</b>	1	\$58,700
<b>Office support</b>	1	\$69,600
<b>Total</b>	40	\$68,700

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that when the new office is fully staffed, ongoing operations associated with the 40 full-time jobs the Company would be committed to adding and maintaining will directly and indirectly support:

- 61 jobs in Rhode Island;

- Nearly \$4.52 million in annual earnings (in 2022 dollars);
- \$10.16 million in statewide economic output; and
- An increase of \$6.35 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 2. The *direct impact* of the Company's operations reflects the Company's direct employment, its direct spending on wages and salaries, the value its operations add to Rhode Island's GDP, and the total value of the goods and services it produces. Its *indirect impact* is the effect of the Company's spending on purchases of goods and services from other in-state businesses on employment, earnings, value-added and output in Rhode Island.

**Table 2: Direct, indirect and total annual impact of ongoing operations (income, value-added and output in millions of 2022 dollars)**

	Jobs	Earnings	Value added	Output
<b>Direct</b>	40	\$3.34	\$4.48	\$7.29
<b>Indirect</b>	21	1.18	1.87	2.87
<b>Total</b>	61	\$4.52	\$6.35	\$10.16

In addition to the impacts on employment, earnings, output and state GDP cited above, expansion of the Company's operations in Rhode Island would generate a projected increase of approximately \$265,000 in annual state tax revenues, including:

- \$169,000 in state personal income taxes paid by workers newly employed by the Company in its new operations in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company's new facility;
- \$74,000 in state sales taxes paid on those workers' taxable household spending; and
- \$22,000 in state business taxes.

## Hiring

The Company recruits its employees from a variety of sources, including national recruiting firms, local and regional employment agencies, universities, community colleges and the professional networks of its employees.

## Benefits

Benefits available to the Company's employees will include:

- Medical coverage through United Healthcare for employees and their dependents (including adult children up to age 26) with 50 percent paid by the Company
- Dental and vision benefits through United Humana

- Flexible health pending and day care pending account
- Basic life, accidental death and dismemberment and disability insurance
- A 401k retirement plan administered by John Hancock

### **Impact**

The state fiscal impact of the requested tax credits is estimated to be approximately \$800,000 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$6.35 million in 2022, the estimated associated job creation, and a gross increase of approximately \$3.059 million in personal income, sales and business tax revenues during the twelve-year commitment period beginning in 2021. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, the Company's new Providence office would benefit Rhode Island in other ways, including:

- Highlighting the state's attractiveness as a location for firms in the rapidly-growing field of data science and software
- Contributing to the ongoing development of the Providence Innovation and Design District
- Increasing local personal property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Qualified Jobs Incentive program mitigate risk to the state; and the value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company.