

RHODE ISLAND COMMERCE CORPORATION
RESOLUTION AUTHORIZING THE ISSUANCE OF TAX CREDITS
UNDER THE REBUILD RHODE ISLAND TAX CREDIT ACT

November 19, 2018

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 application for tax credits from OneMetro, LLC (the "Recipient") under the Rebuild RI Tax Credit Act in relation to a commercial project (the "Project") located at parcel 278-0145, Warwick, which is proposed to consist of approximately 75,000 square feet of commercial 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 Three Million Dollars (\$3,000,000) and authorizes a sales and use tax exemption in addition to the tax credits of Five Hundred Thousand Dollars

(\$500,000) 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
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: November 19, 2018

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 application of MetroOne, LLC, for tax credits of \$3,000,000 for a commercial 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.*
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: November 19, 2018

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 \$9,000,000.00. That recommendation is as follows:

1. That the application submitted by Steeple Street RI, LLC be approved for tax credits in a maximum amount of \$6,000,000.00.
2. That the application submitted by OneMetro, LLC be approved for tax credits in a maximum amount of \$3,000,000.00.

As of June 28, 2018, the Corporation had approved tax credits and/or loans under the program in the amount of \$102,054,827.92. The approval of an additional \$9,000,000.00 in tax credits would bring the cumulative total of approved credits and/or loans to \$111,054,827.92. Currently \$49.7 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 additional amount of credits and/or loans proposed above, i.e. \$9,000,000.00, 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 these applications 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.

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.

Project	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	Total
Project Confirmed as 10/2017																						
Dorsey	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Project Confirmed as 2/2017																						
BAT Developer LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Apob Travel Operations USA Inc.	\$0.00	\$0.00	\$107,676.00	\$303,476.00	\$283,475.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00
Subtotal	\$0.00	\$0.00	\$107,676.00	\$303,476.00	\$283,475.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00	\$206,675.00
Project Confirmed as 5/1017																						
SOL Patient, LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Worled Science & Technology, LLC ⁽⁴⁾	\$0.00	\$0.00	\$0.00	\$1,670,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00	\$1,470,822.00
Cart Med Association, LLC ⁽⁴⁾	\$0.00	\$0.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00	\$117,760.00
Subtotal	\$0.00	\$0.00	\$117,760.00	\$1,788,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00	\$1,588,582.00
Project Confirmed as 5/2017																						
TPO 100 Bldg Hold, LLC	\$0.00	\$0.00	\$0.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00
110 Nuch 1st St, LLC and 110 Nuch 1st St Management, LLC	\$0.00	\$0.00	\$0.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00
Subtotal	\$0.00	\$0.00	\$0.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00
Project Confirmed as 10/2017																						
Walden Capital Partners LLC ⁽¹⁾⁽²⁾	\$0.00	\$0.00	\$0.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00
Subtotal	\$0.00	\$0.00	\$0.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00	\$665,072.00
Project Confirmed as 11/2017																						
Chilman Citrus Holdings, LLC	\$0.00	\$0.00	\$0.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00
Subtotal	\$0.00	\$0.00	\$0.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00	\$190,000.00
Project Confirmed as 12/2017																						
Cashin Associates LP (2) (4)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Infogy Limited	\$0.00	\$0.00	\$225,000.00	\$187,500.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00
Subtotal	\$0.00	\$0.00	\$225,000.00	\$187,500.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00	\$115,200.00
Project Confirmed as 1/2018																						
Sprague Street Center, LLC	\$0.00	\$0.00	\$0.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00
Subtotal	\$0.00	\$0.00	\$0.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00
Project Confirmed as 4/2018																						
Intertax Rhode Island Corporation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Project Confirmed as 5/2018																						
Electric Boat Corporation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Infogy Mtn. Solutions, LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Project Confirmed as 6/2018																						
Rubin Therapeutics, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Project Confirmed as 11/2018																						
Simple Street R2, LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Omblett, LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ALL PROJECTS TOTAL:	\$0.00	\$181,521.80	\$1,011,885.50	\$18,199,051.25	\$16,297,625.15	\$12,939,181.75	\$12,317,818.80	\$12,685,363.30	\$12,553,594.10	\$11,799,127.30	\$7,500.00	\$7,500.00	\$115,000.00	\$12,500.00	\$7,500.00	\$7,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$111,654,815.92

Notes:
(1) River House
(2) Domestic
(3) Chemical Consensus
(4) Downside II

EXHIBIT 3

Rhode Island Commerce Corporation

Rebuild Rhode Island Tax Credits – Economic Impact Analysis

OneMetro, LLC Application

Introduction

The Rhode Island Commerce Corporation (the "Corporation") may provide Rebuild Rhode Island tax credits to OneMetro, LLC (the "Sponsor"). The credits would be provided in connection with the Sponsor's proposed investment in the development of OneMetro, LLC, a new, 75,000 square-foot office building, to be located in Warwick.

The Sponsor estimates the total cost of the project to be \$19.003 million. The Sponsor is requesting Rebuild Rhode Island tax credits totaling \$3.0 million, and an exemption from sales and use taxes payable on purchases of construction materials, valued at approximately \$500,000.

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 cost is approximately \$19.0 million.

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

Component	Estimated cost
Property acquisition	\$3.0
Construction (hard costs)	11.0
Soft costs	2.0
Tenant improvements	3.0
Total	\$19.0

After excluding certain expenditures that do not have a direct, current impact on Rhode Island's economy (such property acquisition), spending on development of the proposed project is estimated to total approximately \$16.0 million.

Appleseed estimates that direct expenditures of \$16.0 million will directly and indirectly generate:

- 111 person-years¹ of work in Rhode Island, with \$6.7 million in earnings (in 2020 dollars);
- Approximately \$20.0 million in statewide 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 Sponsor's direct spending on construction, including both hard and soft costs. 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, indirect and induced 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	85	\$5.2	\$8.2	\$16.0
Indirect Effect	26	1.5	2.5	\$4.0
Total Effect	111	\$6.7	\$10.7	\$20.0

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$16.0 million would generate a projected one-time increase of approximately \$394,000 in taxes paid to the State during construction, including:

- \$252,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$110,000 in state sales taxes paid on those workers' taxable household spending; and
- \$32,000 in state business taxes.

The activity reflected in Table 2 will occur primarily in 2019 and 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, as of 2017.

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.

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.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage
Architect	\$40.36
Construction manager	\$47.10
Carpenter	\$22.82
Electrician	\$27.42
Plumber	\$27.71
Painter	\$18.85
Laborer	\$19.39

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

OneMetro, LLC, and the tenant businesses assumed to occupy the project's commercial space, are expected to begin operating in 2021. Based on information provided by the Sponsor, Appleseed assumes that the building's office tenants will include a mix of technology, medical, financial and professional services firms. Assuming an occupancy rate of 95 percent, and an average density of 4.5 employees per square feet, we estimate that the building will accommodate approximately 312 office-tenant employees, plus 7 café and fitness center employees.

Based on these assumptions, we estimate (as shown in Table 4) that in 2021, ongoing operations would directly and indirectly support:

- 463 full-time-equivalent jobs in Rhode Island, with approximately \$40.2 million in annual earnings (in 2020 dollars);
- \$74.2 million in annual statewide economic output; and
- An increase of \$42.8 million in Rhode Island's annual GDP.

Table 4: Direct, indirect and total impact of building and commercial tenant operations, 2021 (employment in FTE; earnings, value-added and output in millions of 2021 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	319	\$31.5	\$29.7	\$52.9
Indirect Effect	144	8.7	13.1	21.3
Total Effect	463	\$40.2	\$42.8	\$74.2

³ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2017

In addition to the impacts on employment, earnings, output and state GDP cited in Table 4, ongoing operations would generate a projected gross increase of approximately \$2.358 million in taxes paid to the state in 2020, including:

- \$1.509 million in state personal income taxes paid by Rhode Island workers employed by tenant businesses, or whose jobs are indirectly attributable to the operations of those businesses;
- \$658,000 in state sales taxes paid on those workers' taxable household spending;
- \$191,000 in state business taxes.

Workers employed by tenant businesses at project location would be drawn primarily from communities throughout the Providence-Warwick RI-MA NECTA.

Impact

The state fiscal impact of the requested tax credits and sales tax exemption is approximately \$3.5 million in foregone state tax revenue. Direct and indirect economic and fiscal benefits of the proposed project include an estimated increase in annual state GDP (in 2021) of approximately \$42.8 million; the associated job creation; and a gross increase of approximately \$28.7 million in personal income, sales and business tax revenues directly and indirectly generated by the project during the construction phase, and by ongoing operations during the twelve years from 2021 through 2032.

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

- By increasing the supply of new office space available to support the continued growth of the state's office-based industries
- By supporting the continued growth of the area around T.F. Green Airport as a business location
- By increasing local real property and personal property taxes

While the project is likely in the near term to be occupied in part by tenants relocating or expanding from elsewhere in Rhode Island, it will over time help the State meet a continuing demand for new space that is suited to the needs of its growing office-based industries. Over the life of the requested tax credits, the project can therefore be seen as accommodating growth that might not otherwise occur in Rhode Island.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Rebuild Rhode Island program mitigate other risks 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 requested tax credits will be issued only upon completion of the development. The risk of project cost overruns is mitigated by the fact that state's participation would be capped at the amount set forth above.