

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

January 27, 2020

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 Response Technologies, LLC, (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:

1. To accomplish the purposes of the Enabling Act and the Act, the Corporation approves the issuance of, tax credits to the Recipient up to the amount of 52 jobs not to exceed Seven Thousand Five Hundred Dollars (\$7,500) per new full-time job annually.
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, provided, however, that the company qualifies for a fragile industry exemption and up to twelve (12) of the the new jobs may have an hourly wage of

not less than Fourteen 43/100 Dollars (\$14.43) per hour 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; and (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

Response Technologies LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Response Technologies LLC (“the Company”), a West Warwick, Rhode Island-based firm that combines strengths in materials science and additive manufacturing, provides innovative technological solutions and related products for both military and industrial uses. The credits would be issued in connection with the Company’s decision to expand its operations in Rhode Island – an expansion that would involve moving from West Warwick to Coventry, Rhode Island. Response Properties (the Company’s real estate affiliate) would purchase an existing building in Coventry and would lease approximately 60,000 square feet to Response Technologies.

The number of workers employed by the Company would rise from 8 at its present location to 27 in its first year at its new facility in Coventry, and to 45 in its second year, for a total of 37 new jobs. The Company is expected to request Qualified Jobs Incentive tax credits with an estimated value of \$675,000 over ten years.

Should the project proceed, the Company may seek assistance from the Rhode Island Renewable Energy Fund for development of solar and/or hydropower generating capacity; and should environmental clean-up required at the site, it may also seek assistance through the state’s brownfields program. As it has in the past, Response Technologies will also continue to apply for RI-STAC matching grants for federal SBIR funds awarded to the Company

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

Jobs Analysis

Annual operations

As noted above, the Company plans to have 19 qualifying employees in its first year at its new location in Coventry, and 37 in its second year. Table 1 summarizes the categories in which these jobs will be created, and (as of 2021) median earnings for each category.

Table 1: Projected employment, 2021

Job category	New positions	
	(as of 2021)	Median salary
Engineers	9	\$80,000
Production (machinists and technicians)	18	\$51,500
Management and administration	10	\$58,325
Total	37	\$56,650

Based on data provided by the Company, and using the IMPLAN input-output modeling system (a modeling tool commonly used in economic impact analyses), Appleseed estimates that when the new facility is fully staffed, ongoing operations associated with the 37 new jobs the Company would be committed to maintaining in Rhode Island for twelve years will directly and indirectly support:

- 52 jobs in Rhode Island;
- \$3.56 million in annual earnings (in 2021 dollars);
- \$14.14 million in statewide economic output; and
- An increase of \$5.63 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 2021 dollars)

	Jobs	Earnings	Value added	Output
Direct	37	\$2.46	\$3.99	\$11.22
Indirect	15	1.10	1.64	2.92
Total	52	\$3.56	\$5.63	\$14.14

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company's new operations in Rhode Island would generate a projected increase of approximately \$210,000 in annual state tax revenues, including:

- \$133,000 in state personal income taxes paid by workers newly employed by the Company in its new facility in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company's expanded Rhode Island operations;
- \$60,000 in state sales taxes paid on those workers' taxable household spending; and
- \$17,000 in state business taxes.

Hiring

When possible, the Company seeks to fill vacancies by promoting from within. The Company also encourages referrals from its employees, and may provide bonuses to employees who refer applicants who are subsequently hired.

The Company also recruits applicants through its website, through ZipRecruiter and through local job fairs; and when necessary, through professional recruiters.

Benefits

Employee benefits offered by the Company include health insurance; a 401k retirement a plan with a 1-to-1 employer match up to 6 percent; and paid time off (including sick days, vacation and holidays).

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$675,000 in forgone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$5.63 million in 2021, the estimated associated job creation, and a gross increase of approximately \$2.41 million in personal income, sales and business tax revenues during the twelve-year commitment period beginning in 2020. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, expansion of the Company's operations at its new location in Coventry would benefit Rhode Island in other ways, including:

- Potential for additional near-term hiring beyond the level for which the Company is seeking tax credits (the Company has stated that the number of new employees added through 2021 at its new location could be as high as 52, rather than 37)
- Potential for continued growth in sales to the Department of Defense
- Highlighting Rhode Island's attractiveness as a location for customized, advanced manufacturing enterprises

- Adding to the town's personal property tax base

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.