

RHODE ISLAND COMMERCE CORPORATION

AGENDA

February 25, 2019

Call to order and opening remarks.

- Tab 1: To consider the approval of meeting minutes for the meeting held January 28, 2019.
- Tab 2: To consider Westminster Partners LLC for an award under the Tax Increment Financing program.*
- Tab 3: To consider the issuance of bonds in relation to the Historic Structures Tax Credit Financing program.*
- Tab 4: To receive an update with regard to the Innovation Voucher program.*
- Tab 5: To consider the engagement of vendors in relation to real estate consultant services.
- Tab 6: To consider contract extensions in relation to vendors for marketing/tourism.
- 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 discuss this Agenda item.

TAB 1

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

February 25, 2019

APPROVED

VOTED: To approve meeting minutes for the meeting held January 28, 2019 as presented to the Board.

RHODE ISLAND COMMERCE CORPORATION

**MEETING OF DIRECTORS
PUBLIC SESSION
January 28, 2019**

The Board of Directors of the Rhode Island Commerce Corporation (the "Corporation") met on January 28, 2019, in Public Session, beginning at 5:00 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, Dr. Nancy Carriuolo, Bernard Buonanno, III, Mary Jo Kaplan, Ronald O'Hanley, Michael McNally, George Nee, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Directors absent were: Tim Hebert and Jason Kelly.

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 5:11, indicating that a quorum was present.

2. **TO CONSIDER THE MEETING MINUTES FOR THE MEETING HELD ON DECEMBER 17, 2018.**

Upon motion duly made by Dr. Carriuolo and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: To approve meeting minutes for the meeting held December 17, 2018 as presented to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Bernard Buonanno, III, Mary Jo Kaplan, Ronald O'Hanley, Michael McNally, George Nee, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

3. **TO CONSIDER CUSTOM AND MILLER BOX COMPANY FOR AN AWARD UNDER THE QUALIFIED JOBS INCENTIVE TAX CREDIT PROGRAM.**

Jeff Miller, Executive Vice President of Investments, explained that before the Board was Custom and Miller Box Company's application ("CMBC") for incentives under the Qualified Jobs Tax Credit program. He noted that CMBC is a Pawtucket-based company that is seeking to consolidate its operations into a 300,000 square foot building in Pawtucket. Mr. Miller stated that CMBC has committed to creating forty-two new full-time jobs within the first three years of a ten-year commitment period. The forty-two new jobs, Mr. Miller explained, are anticipated to have a median salary of \$30,000, which will result in about \$660,000 in tax credits over the ten-year commitment period.

Mr. Wadensten inquired as to CMBC's current footprint in Pawtucket, and David Strauss, CMBC's owner, responded that the company presently occupies a one floor mill building that is 150,000 square feet. Mr. Strauss noted that CMBC's newly proposed location is double the square footage and not as functionally obsolete as its's current location. Mr. Buonanno inquired if this new facility would give CMBC a chance to increase its customer base, and Mr. Strauss responded in the affirmative. In response to a question by Mr. Wadensten, Mr. Strauss stated that the company has a hard time retaining employees, and that it would consider employing a variety of people, including those with prior criminal convictions. Mr. Nee opined that awarding incentives to CMBC is a great opportunity to support Pawtucket.

Upon motion duly made by Mr. Nee and seconded by Mr. O'Hanley, the following vote was adopted:

VOTED: To approve Custom and Miller Box Company for an award under the Qualified Jobs Incentive Tax Credit program pursuant to the resolution submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Bernard Buonanno, III, Mary Jo Kaplan, Ronald O'Hanley, Michael McNally, George Nee, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

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

4. **TO CONSIDER BAC CVP ALOFT LLC FOR AN AWARD UNDER THE REBUILD RHODE ISLAND TAX CREDIT PROGRAM AND THE TAX INCREMENT FINANCING PROGRAM.**

Secretary Pryor indicated that Dick Galvin, a representative of CV Properties, LLC, was present, and that a major priority for the Governor, the Board and the 195 Commission is the revitalization of the I-195 innovation and design district. Secretary Pryor explained that before the Board for approval was the application of BAC CVP Aloft, LLC ("BAC") for incentives under the Rebuild Rhode Island Tax Credit program and the Tax Increment Financing (TIF) Program for the

construction of an Aloft Hotel in the innovation and design district. He noted that the hotel is designed to be seven stories, have 169 rooms, contain a 6,300 square-foot restaurant, and offer a rooftop bar. Secretary Pryor stated that the hotel project is estimated to create one hundred eighteen ongoing jobs and three hundred forty-seven construction jobs; result in a \$9,300,000 annual increase in the State's gross domestic product; and result in a \$14,000,000 net contribution to the State over the twelve years after construction. Secretary Pryor indicated that the Corporation's staff was recommending that the Board approve up to \$6,750,000 in TIF, and a \$100,000 tax credit incentive under the Rebuild Rhode Island tax credit program together with a sales tax rebate in regard to the project. In addition, Secretary Pryor noted, the hotel will receive a \$750,000 from the 195 Redevelopment Project Fund. As a result, Secretary Pryor stated, incentives will cumulatively total \$7,600,000.

In response to questions by Mr. Wadensten, Mr. Galvin stated that construction will start later this summer, and that the Board's approval of incentives will permit BAC and its lenders to finalize the project's financing. Mr. Galvin further indicated that the anticipated construction timeline for the hotel is sixteen months, and the hotel has a target opening date in the 1st quarter of 2021. In response to a question by Mr. Buonanno, Mr. Galvin stated that the room rates for the hotel will follow the normal Providence rates of \$172 to \$174 per night. Mr. Buonanno stated that this parcel was anticipated to be a hotel project, and the incentives, in proportion to the overall costs of construction, are consistent with other hotel projects that were awarded incentives.

Upon motion duly made by Mr. O'Hanley and seconded by Dr. Carriuolo, the following vote was adopted:

VOTED: To approve BAC CVP Aloft LLC for incentives under the Tax Increment Financing Act and the Rebuild Rhode Island Tax Credit Act pursuant to the resolutions presented to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Bernard Buonanno, III, Mary Jo Kaplan, Ronald O'Hanley, Michael McNally, George Nee, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

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

5. TO CONSIDER FOR APPROVAL INNOVATION VOUCHERS.

Christine Smith, Managing Director of Innovation, stated that five innovation vouchers were before the Board for consideration, which cumulatively total \$242,582. Ms. Smith indicated that one voucher will be used for internal research and development, and the other four are vouchers to applicants that are partnered with different departments within the University of Rhode Island. She also noted that applicants for vouchers come from a wide variety of sectors, such as defense, the blue economy, advanced textiles, and advanced manufacturing. Ms. Smith explained that if the Board approves the vouchers before it, the Innovation Voucher program will have \$486,000 remaining for the remaining five months of this year, which will likely fund about nine

to ten more vouchers. Mr. Wadensten described his role at the University of Rhode Island, and expressed his hope to connect college seniors with applicants for the Corporation's programs in a way to increase employment in the State. The Governor commented that the Innovation Voucher program has been in existence for a few years and has made \$3,500,000 in awards. Mr. McNally commented that vouchers awarded to those partnered with URI are good because it is a "double win." Mr. Wadensten stated that the Corporation should try to also get other universities and colleges involved in the program.

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

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

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Bernard Buonanno, III, Mary Jo Kaplan, Ronald O'Hanley, Michael McNally, George Nee, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

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

6. TO CONSIDER FOR APPROVAL THE BUDGET OF THE CORPORATION.

Mr. Saglio provided an overview of the Corporation's budget, which totals \$54.1 million and includes \$9.8 million of operating funds and \$44.3 million of funds for the Corporation's programs. He indicated that the operating funds are used to pay expenses such as salaries, overhead, and consultants, and the program funds are the funds invested into the State's economy. Mr. Saglio explained that the funding sources of the budget include annual state appropriations, hotel taxes, federal grants, and other modest income generated through the Corporation's operations. Mr. Saglio observed that the budget before the Board is similar to last year's budget. Mr. Saglio discussed other aspects of the budget in comparison to last year.

Mr. McNally expresses his belief that the budget is encouraging because personnel and overhead costs have decreased despite the amount of incentives issued increasing, which means that its costing less to make more incentives. In response to a question, Lisa Lasky, the Corporation's Chief Financial Officer, explained the reason for restricted funds. Mr. Saglio and Mr. Wadensten discussed the tourism and marketing budget and how it is funded and tax increment financing structures. Mr. Buonanno expressed his approval of the budget. Mr. O'Hanley suggested making the budget easier to comprehend for the public.

Upon motion duly made by Mr. O'Hanley and seconded by Mr. McNally the following vote was adopted:

VOTED: To approve the Corporation's annual budget as presented to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Bernard Buonanno, III, Mary Jo Kaplan, Ronald O'Hanley, Michael McNally, George Nee, Donna Sams, Vanessa Toledo-Vickers, and Karl Wadensten.

Voting against the foregoing were: none.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 5:45 p.m. upon motion made by Dr. Carriuolo and seconded by Mr. Wadensten.

Thomas E. Carlotto, Secretary

EXHIBIT A

Meeting Minutes January 28, 2019

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 **January 28, 2019** beginning at **5:00 p.m.**, for the following purposes:

PUBLIC SESSION

1. Call to order and opening remarks.
2. To consider for approval meeting minutes.
3. To consider Custom and Miller Box Company for an award under the Qualified Jobs Incentive Tax Credit program (See Exhibit 1, which follows, for additional details).*
4. To consider BAC CVP Aloft LLC for an award under the Tax Increment Financing program and the Rebuild Rhode Island Tax Credit Program (See Exhibit 1, which follows, for additional details).*
5. To consider for approval Innovation Vouchers (See Exhibit 1, which follows, for additional details).*
6. To consider for approval the budget of the Corporation.
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.

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

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.

Dated: January 24, 2019

EXHIBIT 1

Agenda Item 3:

The applicant seeks incentives under the Qualified Jobs Incentive Tax Credit program in relation to the consolidation and expansion of its manufacturing facilities in Pawtucket, RI. The company manufactures packaging, displays and related products.

Agenda Item 4:

The applicant seeks incentives for a 169 room hotel, located in Providence's I-195 redevelopment district. The total development cost for the project is estimated at approximately \$55.2 million and the applicant is seeking a principal award under the Tax Increment Financing program of \$6.75 million and an award of \$100,000 in tax credits under the Rebuild Tax Credit program. The development sponsor on the application is BAC CVP Aloft LLC, which is associated with CV Properties LLC and its principal Richard Galvin.

Agenda Item 5:

The following applicants will be considered for Innovation Vouchers:

<u>Applicant</u>	<u>Amount</u>
Dryvit Systems, Inc.	\$50,000
MIKEL, Inc.	\$50,000
Mearthane Products Corporation	\$49,716
Onvector, LLC	\$42,866
Revolution Cycle Works	\$50,000

EXHIBIT B

Meeting Minutes January 28, 2019

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

January 28, 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 Custom and Miller Box Company (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-two (42) 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 Jobs Act, which earn no less than Fourteen and 43/100 Dollars (\$14.43) a reduction from the median annual wage requirement as the Recipient meets the definition of an Economically Fragile Industry; 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 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

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Custom & Miller Box Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Custom & Miller Box (“the Company”), a subsidiary of Key Container Corporation that manufactures corrugated cardboard containers. The credits would be issued in connection with the Company’s decision to consolidate its existing operations in an existing building located at 60 Delta Drive in Pawtucket. Consolidation at this new location would result in the addition of 42 jobs to the Company’s Rhode Island operations over the next three years. The Company is expected to request Qualified Jobs Incentive tax credits with an estimated value of approximately \$612,000.

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 intends to add 42 employees at its new facility during its first three years. 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

Job category	New positions (as of 2022)	Median salary
Sales staff	7	\$75,000
Production staff	35	\$30,000
Total	42	\$30,000

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that in 2022, ongoing operations associated with the 42 full-time jobs the Company would be committed to adding and maintaining will directly and indirectly support:

- 68 full-time-equivalent (FTE) jobs in Rhode Island;
- \$3.625 million in annual earnings (in 2022 dollars);
- \$20.138 million in statewide economic output; and
- An increase \$5.135 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 2.

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

	Jobs	Earnings	Value added	Output
Direct	42	\$1.802	\$2.414	\$15.266
Indirect	26	1.823	2.721	4.872
Total	68	\$3.625	\$5.135	\$20.138

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 \$212,000 in annual state tax revenues, including:

- \$136,000 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;
- \$59,000 in state sales taxes paid on those workers' taxable household spending; and
- \$17,000 in state business taxes.

Hiring

Job openings are posted online. Qualified applicants are then selected for interviews, and offers are extended to the most qualified candidates.

Benefits

All Custom & Miller employees are offered health insurance, participation in a 401(k) plan, life insurance, paid vacation and sick days.

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$612,000 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$5.1 million in 2022, the estimated associated job creation, and a gross increase of \$2.35 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, the Company's consolidation in its new facility would benefit Rhode Island in other ways, including:

- Retaining existing Company jobs that would otherwise have moved out of state
- Contributing to the ongoing process of economic revitalization in Pawtucket, by rehabilitating and reactivating a recently vacated industrial property

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.

EXHIBIT C

Meeting Minutes January 28, 2019.

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

January 28, 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 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 BAC CVP Aloft LLC (the “Recipient”) under the Rebuild RI Tax Credit Act in relation to a Commercial Project (the “Project”) located at the corner of Dyer Street, Dorrance Street, and Clifford Street in Providence, Rhode Island, which is proposed to consist of a 169-room hotel; and

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

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

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

RESOLVED:

1. To accomplish the purposes of the Act and the Rebuild RI Tax Credit Act, the Corporation approves the issuance of tax credits to the Recipient in an amount not to exceed One Hundred Thousand Dollars (\$100,000) and authorizes a sales and use tax exemption in addition to the tax credits of One Million Five Hundred Thousand Dollars (\$1,500,000) 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 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, 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 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 of the Rhode Island Commerce Corporation
To: Board of Directors, Rhode Island Commerce Corporation
Re: Rebuild Rhode Island Tax Credit Application
Date: January 28, 2019

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 BAC CVP Aloft LLC for tax credits of One Hundred Thousand Dollars (\$100,000) 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: January 28, 2019

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") one project for the receipt of tax credits under the Rebuild Rhode Island Tax Credit in an additional amount not to exceed \$100,000.00. That recommendation is as follows:

1. That the application submitted by BAC CVP Aloft LLC be approved for tax credits in a maximum amount of \$100,000.00.

As of December 17, 2018, the Corporation had approved tax credits and/or loans under the program in the amount of \$111,304,827.92. The approval of an additional \$100,000.00 in tax credits would bring the cumulative total of approved credits and/or loans \$111,404,827.92. 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. \$100,000.00, does not exceed the existing and anticipated revenue capacity of the state for the Rebuild Rhode Island Tax Credit program. In addition, OMB confirms that, with the approval of the proposed credits and/or loans, the aggregate credits and/or loans approved by the Corporation under the Rebuild Rhode Island program will not exceed the maximum aggregate credits and/or loans allowed under the program.

Furthermore, based on information provided by the Corporation staff concerning the anticipated completion schedule of the projects that are the subject of 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 870-RICR-30-00-3.12(A)(3) (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 Confirmed as 1/28/23	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	Total
HAC CVP Alodi LLC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$100,000.00
Subtotal:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$100,000.00
ALL PROJECTS TOTAL:	\$0.00	\$381,924.40	\$9,340,659.20	\$12,721,426.33	\$20,175,412.13	\$23,115,688.75	\$21,490,225.83	\$13,061,051.30	\$8,990,278.30	\$1,810,127.30	\$7,500.00	\$7,500.00	\$15,000.00	\$12,500.00	\$7,500.00	\$7,500.00	\$22,500.00	\$12,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$111,404,827.92

Notes
(1) River House
(2) Amended
(3) Chestnut Commons
(4) Downside II

EXHIBIT 3

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
BAC CVP Aloft LLC Application

Introduction

The Rhode Island Commerce Corporation (the "Corporation") may provide Rebuild Rhode Island tax credits to BAC CVP Aloft LLC (the "Sponsor"). The credits would be provided in connection with the Sponsor's proposed investment in the development of the Aloft Providence Hotel, a new 169-room select-service hotel that would be located on a site adjacent to the life sciences complex that is being developed in the I-195 Redevelopment District.

The Sponsor estimates the total cost of the project to be \$55.2 million. The Sponsor is requesting Rebuild Rhode Island tax credits totaling \$100,000 (gross), an exemption from sales and use taxes payable on purchases of construction materials, valued at approximately \$1.5 million, and a tax increment financing (TIF) loan of \$6.75 million.

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 \$55.2 million.

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

Component	Estimated cost
Property acquisition	\$1.0
Construction (hard costs)	40.2
Soft costs	8.0
Fixtures, furniture and equipment	6.0
Total	\$55.2

After excluding certain expenditures that do not have a direct, current impact on Rhode Island's economy (such property acquisition and interest costs), spending on development of the proposed project is estimated to total approximately \$53.2 million.

Appleseed estimates that direct expenditures of \$53.2 million will directly and indirectly generate:

- 347 person-years¹ of work in Rhode Island, with \$21.8 million in earnings (in 2020 dollars);
- Approximately \$62.9 million in statewide economic output²; and
- A one-time increase of \$33.5 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 2020 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	262	\$16.8	\$25.5	\$49.6
Indirect Effect	85	5.0	8.0	\$13.3
Total Effect	347	\$21.8	\$33.5	\$62.9

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$53.2 million would generate a projected one-time increase of approximately \$1.279 in taxes paid to the State during construction, including:

- \$819,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$357,000 in state sales taxes paid on those workers' taxable household spending; and
- \$103,000 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 ³
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

The Aloft Providence Hotel and its restaurant tenant are assumed to begin operating in late 2020. Based on information provided by the Sponsor, Appleseed estimates that upon stabilization in 2022, the hotel itself will directly employ 63 workers; and the restaurant will directly employ 37.

Based on these projections, we estimate (as shown in Table 4) that in 2022, ongoing operations would directly and indirectly support:

- 118 jobs in Rhode Island, with approximately \$4.9 million in annual earnings (in 2022 dollars);
- \$15.1 million in annual statewide economic output; and
- An increase of nearly \$9.3 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
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³ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2017

Direct Effect	100	\$3.8	\$7.5	\$12.0
Indirect Effect	18	1.1	1.8	3.1
Total Effect	118	\$4.9	\$9.3	\$15.1

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 \$1.649 million in taxes paid to the state in 2022, including:

- \$1.129 million in state hotel taxes
- \$231,000 on restaurant and bar sales taxes
- \$185,000 in state personal income taxes paid by Rhode Island workers employed by the hotel and restaurant, or whose jobs are indirectly attributable to the operations of those businesses
- \$81,000 in state sales taxes paid on those workers' taxable household spending
- \$23,000 in state business taxes

Workers employed by the hotel and restaurant would be drawn primarily from Providence and surrounding communities.

Impact

The state fiscal impact of the requested tax credit and sales tax exemption is approximately \$1.6 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 2022) of approximately \$9.3 million; the associated job creation; and a gross increase of approximately \$20.969 million in hotel, 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 hotels available to support continued growth in the Innovation District and Downcity Providence
- By creating jobs that will be accessible to workers with a high school education
- By increasing local real property and personal property taxes

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 amounts set forth above.

RHODE ISLAND COMMERCE CORPORATION
RESOLUTION AUTHORIZING THE ISSUANCE OF TAX CREDITS
UNDER THE TAX INCREMENT FINANCING ACT

January 28, 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 64.21 of Title 42 of the General Laws of Rhode Island (the "TIF Act"), as amended, authorizes the Corporation to approve the issuance of incentives in relation to certain development projects in the State; and

WHEREAS: The Corporation promulgated rules and regulations (the "Rules") governing the program established by the TIF 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 a "TIF Incentive" from BAC CVP Aloft LLC (the "Recipient") under the TIF Act in relation to a project (the "Project") located at the corners of Dyer Street, Dorrance Street, and Clifford Street in Providence Rhode Island, which is proposed to consist of a 169-room hotel;

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

WHEREAS: The Board of the Corporation received a presentation inclusive of a term sheet detailing the Project and proposed TIF Incentive together with a recommendation from the staff of the Corporation for approval in accordance with the TIF 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 TIF Act, the Corporation approves the issuance of a TIF Incentive to the Recipient as presented to the Board in the principal amount of up to Six Million Seven Hundred Fifty Thousand Dollars (\$6,750,000) payable over up to eighteen years at not more than a rate of interest of ten percent (10%) on the principal amount of the award.

2. The authorization provided herein is further subject to the following conditions:
 - a. The execution of a TIF Agreement between the Corporation and the Recipient meeting the requirements of the TIF 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 any award of a TIF Incentive 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) 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 TIF Act and the Rules; (iv) the total amount of TIF Incentives awarded for the Project is the lesser of thirty (30%) of the total Project Cost or the amount needed to close the Project Financing Gap; (v) that the Chief Executive Officer of the Corporation has provided written confirmation required by the TIF Act (a copy of which is annexed hereto as Exhibit 1); (vi) the Secretary of Commerce has provided written confirmation required by the TIF Act (a copy of which is annexed hereto as Exhibit 1); (vii) the Recipient has demonstrated that it will otherwise satisfy the Eligibility Requirements of the Rules.
4. The Department of Revenue has issued a Revenue Increment Base certificate, a copy of which is annexed hereto as Exhibit 2.
5. Prior to the execution of TIF 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 3).
6. 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 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.

7. 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.
8. 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.
9. 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 of the Rhode Island Commerce Corporation
To: Board of Directors, Rhode Island Commerce Corporation
Re: Tax Increment Financing Credit Application
Date: January 28, 2019

The staff of the Rhode Island Commerce Corporation (the "Corporation") is recommending to the Board of Directors that it approve the application of BAC CVP Aloft LLC (the "Application") for an incentive pursuant to the Tax Increment Financing ("TIF") program. This memo serves as the written confirmation, pursuant to Rhode Island General Laws § 46-64.21-6 and the Rules and Regulations for the Rhode Island Tax Increment Financing Act of 2015 (the "Rules"), of the following:

1. The Corporation's 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 proposed boundaries of the Qualifying TIF Area (as that term is defined in the Rules) shall be limited to that portion of the real property located in Providence upon which the proposed hotel will be constructed as shall be more particularly set forth in an incentive agreement.
3. The length of the TIF agreement shall be 18 years or fewer.
4. The Corporation has determined, in its discretion, that the eligible revenues for purposes of this Application would not exceed the sales and hotel taxes assessed and collected under Chapters 18 and 19 of Title 44 of the General Laws. The percentage of the incremental revenues from those source to be allocated under the TIF agreement shall not exceed 75% of the sales tax assessed and collected in the Qualifying TIF Area and shall not exceed and seventy-five (75%) percent of the Corporation's share of the five percent (5%) hotel tax imposed under RIGL § 44-18-36.1(a) assessed and collected in the Qualifying TIF Area.
5. The project is consistent with the purpose of the Tax Increment Financing Act, R.I. Gen. Laws § 42-64.21-1 *et seq.*

EXHIBIT 2



Rhode Island Department of Revenue
Division of Taxation

From: Michael Canole, Chief of Examinations MC
Rhode Island Division of Taxation

To: Board of Directors, Rhode Island Commerce Corporation

Re: Revenue Increment Base Certification for BAC CVP Aloft LLC TIF Application

Date: January 28, 2019

The staff of the Rhode Island Commerce Corporation (the "Corporation") has informed the Division of Taxation (the "Division") that it intends to recommend to the Corporation's Board of Directors the application of BAC CVP Aloft LLC (the "Application") for incentives under the Rhode Island Tax Increment Financing Act of 2015, R.I. Gen. Laws § 42-64.21-1 *et seq.* (the "Act"). The Corporation proposes to enter into a TIF agreement with the Applicant in which the relevant tax streams will be the hotel sales and occupancy taxes as well as restaurant food and beverages taxes assessed and collected under Chapters 18 and 19 of Title 44 of the General Laws. The Act requires the Division to certify the "revenue increment base" for this proposed TIF agreement. *See* R.I. Gen. Laws § 42-64.21-3(11). This memo constitutes the Division's certification under the Act.

The Act defines the "revenue increment base" as "the amounts of all eligible revenues from sources within the qualifying TIF area in the calendar year preceding the year in which the TIF agreement is executed, as certified by the division of taxation." *Id.* The Corporation has informed the Division of the following:

- The Application is for a hotel in Providence, RI.
- The proposed qualifying TIF area for the Application located on Lot 401 Assessor's Plat 20, as depicted in the map attached in Exhibit A.
- The Corporation has determined, in its discretion, the eligible revenues for purposes of this Application would not exceed the sales and hotel occupancy taxes as well as restaurant food and beverages taxes assessed and collected under Chapters 18 and 19 of Title 44 of the General Laws.
- The TIF Agreement is anticipated to be entered into in the 2019 calendar year.

The Division of Taxation has determined that no Rhode Island hotel sales and occupancy taxes nor restaurant food and beverages taxes was collected or assessed in the proposed qualifying TIF area for the calendar year 2018. Accordingly, on the basis of the foregoing information provided by the Corporation, the Division hereby certifies that the revenue increment base for the proposed TIF agreement is zero (**\$0.00**).

EXHIBIT A

Location of Proposed Qualifying TIF Area (site circled in orange)
Lot 401 Assessor's Plat 20

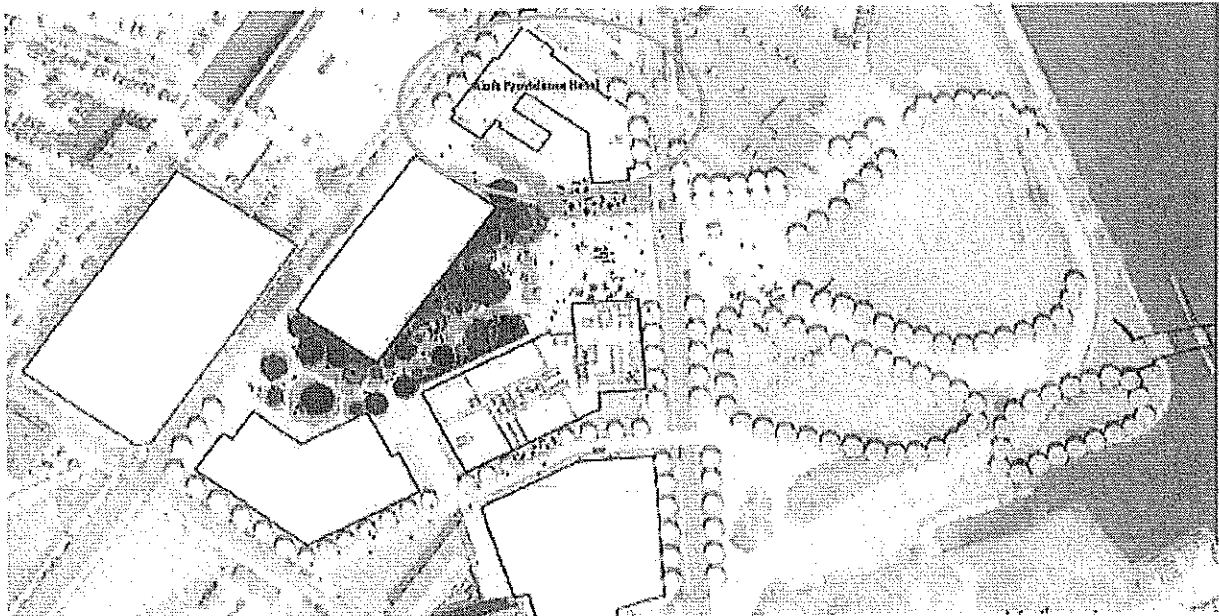
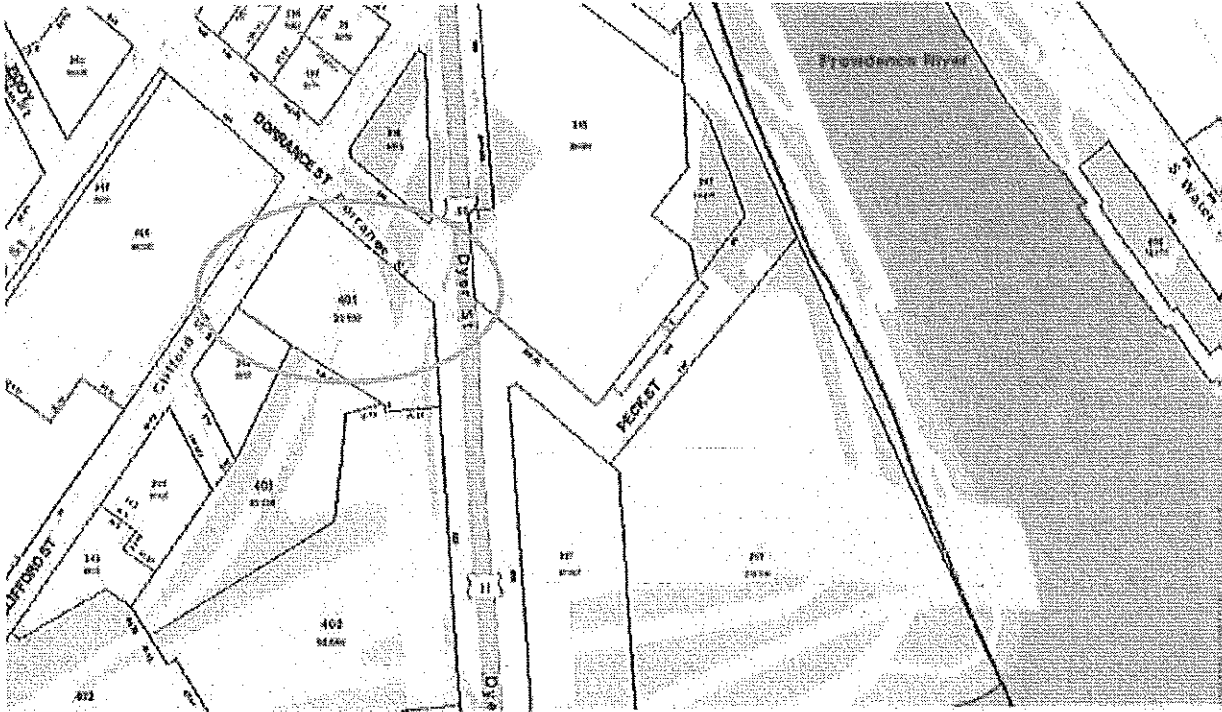


EXHIBIT 3

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis

BAC CVP Aloft LLC Application

Introduction

The Rhode Island Commerce Corporation (the "Corporation") may provide Rebuild Rhode Island tax credits to BAC CVP Aloft LLC (the "Sponsor"). The credits would be provided in connection with the Sponsor's proposed investment in the development of the Aloft Providence Hotel, a new 169-room select-service hotel that would be located on a site adjacent to the life sciences complex that is being developed in the I-195 Redevelopment District.

The Sponsor estimates the total cost of the project to be \$55.2 million. The Sponsor is requesting Rebuild Rhode Island tax credits totaling \$100,000 (gross), an exemption from sales and use taxes payable on purchases of construction materials, valued at approximately \$1.5 million, and a tax increment financing (TIF) loan of \$6.75 million.

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 \$55.2 million.

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

Component	Estimated cost
Property acquisition	\$1.0
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Fixtures, furniture and equipment	6.0
Total	\$55.2

After excluding certain expenditures that do not have a direct, current impact on Rhode Island's economy (such property acquisition and interest costs), spending on development of the proposed project is estimated to total approximately \$53.2 million.

Appleseed estimates that direct expenditures of \$53.2 million will directly and indirectly generate:

- 347 person-years⁴ of work in Rhode Island, with \$21.8 million in earnings (in 2020 dollars);
- Approximately \$62.9 million in statewide economic output⁵; and
- A one-time increase of \$33.5 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.

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- \$357,000 in state sales taxes paid on those workers' taxable household spending; and
- \$103,000 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.

Table 3: Anticipated wages during construction

Occupation	Ri median hourly wage ⁶
Architect	\$40.36
Construction manager	\$47.10
Carpenter	\$22.82

⁴ 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.

⁵ 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.

⁶ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2017

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

The Aloft Providence Hotel and its restaurant tenant are assumed to begin operating in late 2020. Based on information provided by the Sponsor, Appleseed estimates that upon stabilization in 2022, the hotel itself will directly employ 63 workers; and the restaurant will directly employ 37.

Based on these projections, we estimate (as shown in Table 4) that in 2022, ongoing operations would directly and indirectly support:

- 118 jobs in Rhode Island, with approximately \$4.9 million in annual earnings (in 2022 dollars);
- \$15.1 million in annual statewide economic output; and
- An increase of nearly \$9.3 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	100	\$3.8	\$7.5	\$12.0
Indirect Effect	18	1.1	1.8	3.1
Total Effect	118	\$4.9	\$9.3	\$15.1

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 \$1.649 million in taxes paid to the state in 2022, including:

- \$1.129 million in state hotel taxes
- \$231,000 on restaurant and bar sales taxes
- \$185,000 in state personal income taxes paid by Rhode Island workers employed by the hotel and restaurant, or whose jobs are indirectly attributable to the operations of those businesses
- \$81,000 in state sales taxes paid on those workers' taxable household spending
- \$23,000 in state business taxes

Workers employed by the hotel and restaurant would be drawn primarily from Providence and surrounding communities.

Impact

The state fiscal impact of the requested tax credit and sales tax exemption is approximately \$1.6 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 2022) of approximately \$9.3 million; the associated job creation; and a gross increase of approximately \$20.969 million in hotel, 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 hotels available to support continued growth in the Innovation District and DOWncity Providence
- By creating jobs that will be accessible to workers with a high school education
- By increasing local real property and personal property taxes

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 amounts set forth above.

EXHIBIT D

Meeting Minutes January 28, 2019

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

January 28, 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

Applicant	Amount
Dryvit Systems, Inc.	\$50,000
MIKEL, Inc.	\$50,000
Mearthane Products Corporation	\$49,716
Onvector, LLC	\$42,866
Revolution Cycle Works	\$50,000

TAB 2

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

FEBRUARY 25, 2019

APPROVED

VOTED: To approve Westminster Partners LLC for an award under the Tax Increment Financing program pursuant to the Resolution presented to the Board.

RHODE ISLAND COMMERCE CORPORATION
RESOLUTION AUTHORIZING THE ISSUANCE OF TAX CREDITS
UNDER THE TAX INCREMENT FINANCING ACT
FEBRUARY 25, 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 64.21 of Title 42 of the General Laws of Rhode Island (the "TIF Act"), as amended, authorizes the Corporation to approve the issuance of incentives in relation to certain development projects in the State; and

WHEREAS: The Corporation promulgated rules and regulations (the "Rules") governing the program established by the TIF 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 a "TIF Incentive" from Westminster Partners, LLC (the "Recipient") under the TIF Act in relation to a mixed-use project (the "Project") located at 187 / 203 / 213 Westminster Street, Providence, RI;

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

WHEREAS: The Board of the Corporation received a presentation inclusive of a term sheet detailing the Project and proposed TIF Incentive together with a recommendation from the staff of the Corporation for approval in accordance with the TIF 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 TIF Act, the Corporation approves the issuance of a TIF Incentive to the Recipient in an amount not to exceed the principal sum of \$6,000,000 at a rate of interest not more than ten percent for a maximum term of twenty years.
2. The authorization provided herein is further subject to the following conditions:
 - a. The execution of a TIF Agreement between the Corporation and the Recipient meeting the requirements of the TIF 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 any award of a TIF Incentive 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) 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 TIF Act and the Rules; (iv) the total amount of TIF Incentives awarded for the Project is the lesser of thirty (30%) of the total Project Cost or the amount needed to close the Project Financing Gap; (v) that the Chief Executive Officer of the Corporation has provided written confirmation required by the TIF Act (a copy of which is annexed hereto as Exhibit 1); (vi) the Secretary of Commerce has provided written confirmation required by the TIF Act (a copy of which is annexed hereto as Exhibit 1); (vii) the Recipient has demonstrated that it will otherwise satisfy the Eligibility Requirements of the Rules.
 4. The Department of Revenue has issued a Revenue Increment Base certificate, a copy of which is annexed hereto as Exhibit 2.
 5. Prior to the execution of TIF 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 3).
 6. 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 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 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.

7. 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.
8. 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.
9. All acts of the Authorized Officers which are in conformity with the purposes and intents of this Resolution and the execution, delivery and approval and performance of such documents authorized hereby and all prior actions taken in connection herewith are, ratified, approved and confirmed.

EXHIBIT 1

From: Stefan Pryor, Secretary of Commerce and Chief Executive Officer of the Rhode Island Commerce Corporation
Darin Early, President and Chief Operating Officer of the Rhode Island Commerce Corporation

To: Board of Directors, Rhode Island Commerce Corporation

Re: Tax Increment Financing Credit Application

Date: February 25, 2019

The staff of the Rhode Island Commerce Corporation (the "Corporation") is recommending to the Board of Directors that it approve the application of Westminster Partners, LLC (the "Application") for an incentive pursuant to the Tax Increment Financing ("TIF") program. This memo serves as the written confirmation, pursuant to Rhode Island General Laws § 46-64.21-6 and the Rules and Regulations for the Rhode Island Tax Increment Financing Act of 2015 (the "Rules"), of the following:

1. The Corporation's 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 proposed boundaries of the Qualifying TIF Area (as that term is defined in the Rules) shall be limited to that portion of the real property known as 187 / 203 / 213 Westminster Street, Providence, RI upon which the proposed mixed-used project will be constructed.
3. The length of the TIF agreement shall be 20 years or fewer.
4. The Corporation has determined, in its discretion, that the eligible revenues for purposes of this Application would not exceed the sales and hotel taxes assessed and collected under Chapters 18 and 19 of Title 44 of the General Laws. The percentage of the incremental revenues from those source to be allocated under the TIF agreement shall not exceed 75% of the sales tax assessed and collected in the Qualifying TIF Area and shall not exceed 18% of the hotel tax assessed and collected in the Qualifying TIF Area.
5. The project is consistent with the purpose of the Tax Increment Financing Act, R.I. Gen. Laws § 42-64.21-1 *et seq.*

EXHIBIT 2



Rhode Island Department of Revenue

Division of Taxation

From: Michael Canole, Chief of Examinations *MC*
Rhode Island Division of Taxation

To: Board of Directors, Rhode Island Commerce Corporation

Re: Revenue Increment Base Certification for Westminster Partners, LLC TIF Application

Date: February 25, 2019

The staff of the Rhode Island Commerce Corporation (the "Corporation") has informed the Division of Taxation (the "Division") that it intends to recommend to the Corporation's Board of Directors the application of Westminster Partners, LLC (the "Application") for incentives under the Rhode Island Tax Increment Financing Act of 2015, R.I. Gen. Laws § 42-64.21-1 *et seq.* (the "Act"). The Corporation proposes to enter into a TIF agreement with the Applicant in which the relevant tax streams will be the hotel sales and occupancy taxes as well as restaurant food and beverages taxes assessed and collected under Chapters 18 and 19 of Title 44 of the General Laws. The Act requires the Division to certify the "revenue increment base" for this proposed TIF agreement. *See* R.I. Gen. Laws § 42-64.21-3(11). This memo constitutes the Division's certification under the Act.

The Act defines the "revenue increment base" as "the amounts of all eligible revenues from sources within the qualifying TIF area in the calendar year preceding the year in which the TIF agreement is executed, as certified by the division of taxation." *Id.* The Corporation has informed the Division of the following:

- The Application is for an adaptive reuse of the properties located at 187, 203 and 213 Westminster Street, Providence, RI.
- The proposed qualifying TIF area for the Application located on Assessor's Plat 020/Lot 0021, 0022, 0025, as depicted in the map attached in Exhibit A.
- The Corporation has determined, in its discretion, the eligible revenues for purposes of this Application would not exceed the sales and hotel occupancy taxes as well as restaurant food and beverages taxes assessed and collected under Chapters 18 and 19 of Title 44 of the General Laws.
- The TIF Agreement is anticipated to be entered into in the 2019 calendar year.

The Division of Taxation has determined that no Rhode Island hotel sales and occupancy taxes nor restaurant food and beverages taxes was collected or assessed in the proposed qualifying TIF area for the calendar year 2018. Accordingly, on the basis of the foregoing information provided by the Corporation, the Division hereby certifies that the revenue increment base for the proposed TIF agreement is zero (**\$0.00**).

EXHIBIT A

Location of Proposed Qualifying TIF Area (site outlined in red)
Assessor's Plat 020/Lot 0021, 0022, 0025



SITE MAP

EXHIBIT 3

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
Westminster Partners LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may provide Rebuild Rhode Island tax credits and tax increment financing (“TIF”) incentives to Westminster Partners LLC (the “Sponsor”). The credits would be provided in connection with the Sponsor’s proposed investment in the adaptive reuse of two long-vacant buildings on Westminster Street in Downcity Providence. The 124,000 square-foot project would include:

- A 91-room Hotel Hive
- The Hive Life Lofts – 48 studio apartments that could be used either for long-term rentals, as corporate apartments, or for short-term rentals
- Hive HQ, a 7,130 square-foot co-working and shared office space
- The Hive Bar – a 3,295 square-foot bar and social space and outdoor cafe
- &Pizza, a 2,400 square-foot fast-casual pizza restaurant
- A 13,440 square-foot rooftop bar and restaurant (including approximately 6,300 square feet of outdoor space)
- Approximately 54 parking spaces

The Sponsor estimates the total cost of the project to be \$39.0 million. The Sponsor is requesting Rebuild Rhode Island tax increment financing incentives totaling \$6.0 million.

This analysis was prepared by Applesseed, 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 \$39.0 million

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

Component	Estimated cost
Property acquisition	\$4.7
Construction (hard costs)	26.1
Soft costs	6.1
Fixtures, furniture and equipment	2.1
Total	\$39.0

After excluding certain expenditures that do not have a direct, current impact on Rhode Island’s economy (such property acquisition and interest paid during construction), spending on development of the proposed project is estimated to total approximately \$33.5 million.

Applesseed estimates that direct expenditures of \$33.5 million will directly and indirectly generate:

- 232 person-years¹ of work in Rhode Island, with \$14.1 million in earnings (in 2020 dollars);

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 \$40.8 million in statewide economic output²; and
- A one-time increase of \$21.1 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	163	\$10.4	\$15.2	\$31.2
Indirect Effect	70	3.7	6.0	\$9.9
Total Effect	233	\$14.1	\$21.2	\$41.1

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$33.5 million would generate a projected one-time increase of approximately \$1.378 million in taxes paid to the State during construction, including:

- \$548,000 in state sales and use taxes on materials used in construction
- \$531,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$232,000 in state sales taxes paid on those workers' taxable household spending; and
- \$67,000 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.

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

The residential units, hotel, and other new businesses included in the proposed project are expected to begin operating in the spring of 2021, with stabilized operations being reached in 2022. Using IMPLAN, and

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, 2017

based on information provided by the Sponsor, Applesseed estimates (as shown in Table 4) that in 2022, ongoing operations would directly and indirectly support:

- 154 full-time-equivalent jobs in Rhode Island, with approximately \$5.2 million in annual earnings (in 2022 dollars);
- \$13.7 million in annual statewide economic output; and
- An increase of \$8.4 million in Rhode Island’s annual GDP.

Table 4: Direct, indirect and total incremental impact of hotel and commercial tenant operations, 2022 (employment in FTE; earnings, value-added and output in millions of 2022 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	139	\$4.3	\$6.7	\$10.9
Indirect Effect	15	\$1.0	1.7	2.8
Total Effect	154	\$5.3	\$8.4	\$13.7

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 \$1.252 million in taxes paid to the state in 2022, including:

- \$545,000 in state sales and hotel taxes levied on room rentals at the proposed new hotel;
- \$395,000 in state sales taxes on food and beverages sold at the project’s bars and restaurants
- \$200,000 in state personal income taxes paid by Rhode Island workers employed by the hotel or by other commercial tenants, or whose jobs are indirectly attributable to the operations of those businesses;
- \$87,000 in state sales taxes paid on those workers’ taxable household spending;
- \$25,000 in state business taxes.

Workers employed by the hotel and by commercial tenants would be drawn primarily from communities throughout the Providence-Warwick RI-MA NECTA.

Impact

The state fiscal impact of the requested TIF incentive is approximately \$6.0 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 2022) of approximately \$8.4 million; the associated job creation; and a gross increase of approximately \$15.522 million in hotel, 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 late 2021 through late 2032.

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

- By redeveloping and activating a long-vacant property in Downcity Providence
- By increasing hotel capacity in the city
- By providing new dining and entertainment options in the Downcity area
- By increasing hotel, real property and personal property taxes paid to the city

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 TIF incentives 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.

TAB 3

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

FEBRUARY 25, 2019

APPROVED

VOTED: To approve the issuance of bonds in relation to the Historic Structures Tax Credit Financing program pursuant to the Resolution presented to the Board.

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT MORE THAN \$77,000,000 OF RHODE ISLAND COMMERCE CORPORATION REVENUE BONDS (HISTORIC STRUCTURES TAX CREDIT FINANCING PROGRAM - SERIES 2019 A) AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL TRUST INDENTURE, A BOND PURCHASE AGREEMENT, A PRELIMINARY AND FINAL OFFICIAL STATEMENT, A PAYMENT AGREEMENT WITH THE STATE OF RHODE ISLAND OR ANY OF ITS AGENCIES, DEPARTMENTS AND GENERAL OFFICERS, AND ALL OTHER DOCUMENTS AND MATTERS IN CONNECTION THEREWITH

February 25, 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: Pursuant to Section 4 of Article 4, Substitute A, as amended, of Chapter 100 of the Rhode Island Public Laws of 2008 (the "General Assembly Resolution") (i) the Rhode Island General Assembly (the "General Assembly") found and declared that tax credits earned pursuant to Rhode Island General Laws §§ 44-33.2-1 *et seq.* (the "Historic Tax Credits") have had and continue to have the desired effect of stimulating, promoting and encouraging redevelopment and reuse of historic structures by modern commercial, residential and manufacturing enterprises in order to foster civic beauty, promote public education, pleasure and welfare and otherwise generally improve and enhance the long-term economic well-being of the citizens of the State, and (ii) the General Assembly found and determined that given the nature of the development process, it is difficult to project the amount of Historic Tax Credits that will be presented in any given fiscal year of the State, and that it is in the best interest of the State to stabilize budget projections and streamline annual impacts of the presentment of Historic Tax Credits; and
- WHEREAS: In order to effectuate the balanced absorption of Historic Tax Credits, the General Assembly has authorized the Corporation to issue bonds from time to time in an amount not more than \$356,200,000 to be secured by annual budget appropriations by the General Assembly, and has further authorized the Governor of the State to enter into a payment agreement (the "Payment Agreement") and such other agreements with the Corporation which will provide for the transfer of monies to the State by the Corporation upon presentment of Historic Tax Credits to the State by taxpayers; and

WHEREAS: In order to finance the balanced absorption of Historic Tax Credits in the State's 2019 fiscal year, and future fiscal years, the State has requested that the Corporation issue the Bonds (defined below) before the end of the State's 2019 fiscal year (the "Project"); and

WHEREAS: The General Assembly Resolution specifies that neither the Bonds nor the Payment Agreement shall constitute indebtedness of the State or any of its subdivisions or a debt for which the full faith and credit of the State or any of its subdivisions is pledged except to the extent the State appropriates funds for the Bonds or the Payment Agreement subject to annual budget appropriations; and

WHEREAS: The Corporation is authorized pursuant to the General Assembly Resolution and the Act to borrow money and issue bonds for the purposes specified in the General Assembly Resolution and to enter into such agreements and take such actions as the Corporation shall deem necessary or desirable to effectuate the financing specified in the General Assembly Resolution; and

WHEREAS: The Corporation desires to assist the State in the financings described above; and

WHEREAS: The proposed issuance was presented to the Access to Capital Subcommittee of the Corporation on February 20, 2019, which Subcommittee unanimously recommended approval of the proposed issuance of the Bonds.

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

- RESOLVED:
1. To accomplish the purposes of the Act and the General Assembly Resolution, the issuance of not more than \$77,000,000 Rhode Island Commerce Corporation Revenue Bonds (Historic Structures Tax Credit Financing Program - Series 2019 A) (the "Bonds") is hereby authorized, subject to the provisions of this Resolution.
 2. The Corporation finds that:
 - (i) the issuance of the Bonds, and to the extent applicable to the Project, the acquisition or construction and operation of the Project will prevent, eliminate or reduce unemployment or underemployment in the State and will generally benefit economic development of the State;
 - (ii) to the extent applicable to the Project, adequate provision has been made or will be made for the payment of the cost of the acquisition, construction, operation and maintenance and upkeep of the Project;

- (iii) to the extent applicable to the Project, with respect to real property, the plans and specifications assure adequate light, air, sanitation and fire protection;
 - (iv) to the extent applicable to the Project, the Project is in conformity with the applicable provisions of Chapter 23 of Title 46 of the Rhode Island General Laws; and
 - (v) the Project is in conformity with the applicable provisions of the State Guide Plan.
3. As required by the Act, prior to the issuance of the Bonds, the Corporation shall prepare and publicly release an analysis of the impact that the proposed Project will or may have on the State.
 4. The Authorized Officers of the Corporation for the purposes of this Resolution are the Chair, the Vice Chair, the Secretary of Commerce, the Treasurer, the President and Chief Operating Officer, the Chief Financial Officer and the Managing Director of Financial Services (the "Authorized Officers"). The Authorized Officers of the Corporation are, and each of them acting singly hereby is, authorized to execute, acknowledge and deliver or cause to be executed, acknowledged or delivered any of the documents authorized herein with such changes, insertions, additions, alterations and omissions as may be approved by said Authorized Officer, and such Authorized Officer's execution thereof shall be conclusive as to the authority of such Authorized Officer to act on behalf of the Corporation. The Secretary or Assistant Secretary of the Corporation, and each, acting singly, is hereby authorized to affix a seal of the Corporation on the Bonds and on any of the documents authorized herein and to attest to the same.
 5. The Bonds shall be dated as provided in the Master Trust Indenture between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), dated as of June 1, 2009, and the Series 2019 A Supplemental Trust Indenture dated as of May 1, 2019 (the Master Trust Indenture and the Supplemental Trust Indenture, collectively, the "Indenture") shall be in an aggregate principal amount not to exceed \$75,000,000 and shall be issued as fully registered obligations. The Bonds shall mature within nine (9) years from their date and shall bear such other terms as are set forth in the Indenture. The form of the Bonds and the provisions for the signature, authentication, payment, prepayment and number shall be as set forth in the Indenture.

6. The Bonds shall be special obligations of the Corporation payable solely from the revenues, funds or monies pledged therefor under the Indenture. Neither the State, nor any political subdivision, nor any municipality thereof, shall be obligated to pay the principal of, premium, if any, or interest on the Bonds, except to the extent the General Assembly appropriates funds for the Bonds or Payment Agreement subject to annual budget appropriations. Neither the full faith and credit nor the taxing power of the State, the Corporation nor any municipality thereof shall be pledged to the payment of the principal, premium, if any, or interest on the Bonds, except to the extent the General Assembly appropriates funds for the Bonds or Payment Agreement subject to annual budget appropriations.
7. J. P. Morgan Securities LLC is hereby appointed senior managing underwriter for the Bonds. The Bonds shall be sold to the Underwriter pursuant to a Bond Purchase Agreement or similar instrument ("Bond Purchase Agreement") by and among the Corporation and the Underwriter.
8. The following agreements and documents are hereby authorized, each to contain such provisions and to be in such form as an Authorized Officer or Officers shall determine to be necessary or appropriate, and the execution, acknowledgement and delivery of each such agreement or document by such Authorized Officer or Officers shall be conclusive evidence as to authorization by this Resolution: (i) the Indenture; (ii) the Second Amended and Restated Payment Agreement; (iii) the Bond Purchase Agreement; (iv) Preliminary and Final Official Statements; (v) a Continuing Disclosure Agreement and (vi) such other agreements, instruments, certificates or documents, including, but not limited to, agreements with the State and any of its agencies and departments, as may be deemed necessary or appropriate by such Authorized Officer or Officers for the implementation of this Resolution.
9. All covenants, stipulations, 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 on 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.

10. The Authorized Officers of the Corporation are, and each acting singly hereby is, further directed to proceed to cause the net proceeds of the sale of the Bonds to be disbursed to the State as provided in the documents authorized by this Resolution.
11. The Corporation hereby consents to the use and distribution of a preliminary and Final Official Statement with such changes, insertions and omissions as may be necessary for use by the Underwriter in the sale of the Bonds in accordance with the Bond Purchase Agreement. An Authorized Officer may deem the Preliminary Official Statement "final as of its date" pursuant to rule 15c2-12 of the Securities Exchange Commission. The Corporation will not be responsible for any information set forth in the Preliminary and Final Official Statements except as set forth in the Bond Purchase Agreement with respect to the Bonds.
12. Any one or more of the Authorized Officers be, and each of them acting singly hereby is, authorized: (i) to approve the definitive terms of the Bonds, including the principal amount thereof, the maturity and the interest rates (within the parameters set forth in Paragraph 5 above and the General Assembly Resolution); and (ii) to take such further action or to cause such further action to be taken as may be necessary or appropriate to effectuate the issuance of the Bonds and to carry out the transactions contemplated by this Resolution.
13. All acts of the Authorized Officers which are in conformity with the purposes and intents of this Resolution and in furtherance of the Project and the purposes of the Act and General Assembly Resolution, and the execution, delivery and approval and performance of the documents, certificates, instruments and agreements hereinabove authorized are, in all respects, ratified, approved and confirmed.
14. From and after the execution and delivery of the documents, certificates, instruments and agreements hereinabove authorized, each Authorized Officer is hereby authorized, empowered and directed to do any and all such acts and things and to execute and deliver any and all such documents, certificates, instruments and agreements, 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 Bonds, or to carry out and comply with the provisions of the documents, certificates, instruments and agreements hereinabove authorized.

15. To the extent not contrary to applicable law, the Corporation shall collect an administrative fee in an amount determined by the President and Chief Operating Officer of the Corporation, payable at closing. In addition, the reasonable fees and charges of the Corporation relating to the Bonds, shall be paid as and when the same become due.
16. The Bank of New York Mellon Trust Company, N.A. is hereby appointed trustee for the Bonds.
17. This Resolution shall take effect immediately.

TAB 4

NO VOTE

TAB 5

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

FEBRUARY 25, 2019

APPROVED

VOTED: To approve vendors in relation to real estate consultant services pursuant to the Resolution presented to the Board.

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

February 25, 2019

(With Respect to Real Estate Consultant Services)

WHEREAS, the Rhode Island Commerce Corporation (the "Corporation") issued a request for proposals in relation to real estate consultant and advisory services (the "Services"); and

WHEREAS, the applicants were properly reviewed and qualifications considered, and a recommendation was made to the Board of the Corporation to retain the vendors identified below to provide the Services.

NOW, THEREFORE, be it resolved by the Corporation as follows:

Section 1: Any of the Chairperson, Vice Chairperson, Secretary of Commerce, President and COO, and/or Chief Financial Officer acting singly, shall have the authority to negotiate and execute any and all documents in connection with the retention of the following vendors for on-call real estate consultant services at the rates specified in their proposals, plus out of pocket expenses at the discretion of such officer:

- A. Camoin Associates;
- B. RKG Associates; and
- C. RES Group.

Section 2: The Authorized Officers may provide for an initial term of up to three years and thereafter may extend the term of such services for an additional three years.

Section 3: This Resolution shall take effect immediately upon passage.

TAB 6

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

FEBRUARY 25, 2019

APPROVED

VOTED: To approve contract extensions in relation to vendors for marketing/tourism as presented to the Board.