

RHODE ISLAND COMMERCE CORPORATION

MEETING OF INVESTMENT COMMITTEE PUBLIC SESSION

The Investment Committee of the Rhode Island Commerce Corporation (the “Corporation”) met on May 23, 2016, in Public Session, beginning at 1:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, RI 02908, pursuant to the public notice of meeting as required by applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Michael McNally, Bernard V. Buonanno III and Vanessa Toledo-Vickers.

Also present were: Stefan Pryor, Secretary of Commerce, Darin Early, Jesse Saglio, Luke Pickett and Thomas Carlotto.

1. CALL TO ORDER

Mr. McNally called the meeting to order at 1:05 p.m. indicating that a quorum was present.

2. TO CONSIDER PRINCIPLES FOR THE TAX INCREMENT FINANCING PROGRAM.

Mr. Early discussed the TIF Principles and noted the similarity with the principles adopted in relation to the Rebuild Tax Credit program.

There was a dialogue amongst Secretary Pryor, Mr. Early, Mr. Pickett and Committee members regarding the TIF program and the potential applicability to single projects as well as larger development areas.

Upon Motion duly made by Ms. Toledo-Vickers and seconded by Mr. Buonanno the following vote was unanimously adopted:

VOTED: To approve the principles for the TIF Program.

**3. TO CONSIDER THE APPLICATION OF EXCHANGE ST. HOTEL,
LLC FOR INCENTIVES UNDER THE TAX INCREMENT
FINANCING PROGRAM.**

Mr. Buonanno noted that he was recusing from the consideration of the agenda item as Mr. Paolino is his landlord.

Mr. Early explained that the proposed development is a 120 room extended stay hotel with ground floor retail and project costs of approximately \$24.5 million. He discussed the

background of the principals of the sponsor, which is comprised of a joint venture between First Bristol and Paolino Properties.

Mr. Early indicated that the incentives will be the seventy-five percent of the State's share of the hotel and sales tax generated at the project area, which will be used to repay a loan obtained by the sponsor in the principal amount of \$3 million.

Ms. Toledo-Vickers asked what happens if the TIF revenue is insufficient to pay the loan used to finance the project. Mr. Pickett explained that a default would occur and the lender would have rights to foreclose on its collateral. He noted that the Corporation would not have any liability in relation to a default.

Mr. McNally asked about the interest rate on the loans for the project.

Mr. Pickett indicated that

the rates were market rate.

4. TO CONSIDER THE APPLICATION OF IVORY ELLA, LLC FOR TAX CREDITS UNDER THE QUALIFIED JOBS INCENTIVE TAX CREDIT PROGRAM.

Ms. Webber indicated that Ivory Ella is an online retailer that donates 10% of its profits to a charity known as Save the Elephants. She explained that the company is presently in three locations in Connecticut and is proposing to consolidate into a single location in Westerly. Ms. Webber discussed the gap analysis and highlighted the fact that the cost for the company to stay and expand in Connecticut is \$390,000 less than moving to Rhode Island. She indicated that the tax credits would offset the majority of that gap with approximately \$360,000 in incentives.

Ms. Toledo-Vickers noted that it will be important for the Corporation and other government agencies to help ensure the continued success of the company through work force development and other programs.

Upon Motion duly made by Mr. Buonanno and seconded by Ms. Toledo-Vickers the following vote was unanimously adopted:

VOTED: To recommend to the Board approval of incentives for Ivory Ella under the Qualified Jobs Incentive Tax Credit Program.

5. TO CONSIDER THE APPLICATION OF UNION MILL, LLC FOR TAX CREDITS UNDER THE REBUILD RHODE ISLAND TAX CREDIT PROGRAM.

Mr. Pickett discussed the Pontiac Mill project, which is a mixed-use development with 127 apartment units and 34,000 square feet of commercial space. He indicated the project cost is estimated at about \$34.5 million and the applicant is seeking \$3.5 million in tax credits.

Mr. Buonanno asked what was in the complex presently.

Mr. Pickett responded that it was currently vacant.

Mr. Early noted that the tax credits were approximately ten percent of project cost and there would be a waterfall containing repayment provisions for the Corporation. Upon Motion duly made by Ms. Toledo-Vickers and seconded by Mr. Buonanno the following vote was unanimously adopted:

VOTED: To recommend to the Board approval of incentives for Union Mill under the Rebuild Rhode Island Tax Credit Program.

6. TO CONSIDER THE UTILIZATION OF THE CORPORATION'S INCENTIVE PROGRAMS FOR THE INVESTMENT OF PUBLIC FUNDS.

Upon Motion duly made by Mr. Buonanno and seconded by Ms. Toledo-Vickers the following vote was adopted:

VOTED: To enter into Executive Session pursuant to RIGL

42-46-5(a)(7) to consider incentives

**for Exchange Street Hotel and the utilization of the Corporation's
incentive programs for the
investment of public funds.**

The Committee and staff entered into Executive session at 1:44 p.m.

The Committee and staff

returned to Public session at 2:03 p.m.

**Upon motion duly made by Ms. Toledo-Vickers and seconded by Mr.
Buonanno, the following vote was**

unanimously adopted:

VOTED: To seal the minutes of the Executive Session.

Upon motion duly made by Ms. Toledo-Vickers and seconded by Mr.

McNally, the following vote was adopted with Ms. Toledo-Vickers and Mr. McNally voting in favor and Mr. Buonanno having recused himself from consideration of the item:

VOTED: To recommend for approval to the Board incentives under the Tax Increment Financing Program for Exchange Street Hotel, LLC.

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

Vote to Adjourn.

There being no further business in Public Session, the meeting of the Investment Committee was adjourned by unanimous consent at 2:07 p.m., upon motion made by Ms. Toledo-Vickers and seconded by Mr. Buonanno.

Thomas Carlotto, Secretary