AGREEMENT FOR HISTORIC PRESERVATION TAX CREDITS 2013

THIS AGREEMENT (the "Agreement"), is made as of the 19th day of December, 2013 (the "Effective Date"), by and between Veterans for Tomorrow, LLC (the "Applicant"), and the Rhode Island Department of Revenue, through its Division of Taxation (the "Tax Division") (collectively the "Parties").

WITNESSETH:

WHEREAS, pursuant to RIGL §44-33.6-4(e), the Tax Division is authorized to enter into contracts of guaranty, on behalf of the State of Rhode Island, with persons, firms, partnerships, trusts, estates, limited liability companies, corporations (whether for profit or non-profit) or other business entities who have incurred, or intend to incur, Qualified Rehabilitation Expenditures for the Substantial Rehabilitation of a Certified Historic Structure, or some identifiable portion thereof, to be Placed in Service after July 3, 2013.

WHEREAS, in accordance with Chapter 33.6 of Title 44 of the Rhode Island General Laws, as amended, and the Regulations adopted by the Rhode Island Historical Preservation and Heritage Commission (the "Commission") and the Tax Division, the Applicant desires to conduct Substantial Rehabilitation of a Certified Historic Structure or, an identifiable portion thereof, located in Rhode Island, and described in Exhibit A attached hereto (the "Project") and, as a consequence thereof, to receive Historic Preservation Tax Credits ("Tax Credits").

WHEREAS, a Determination of Historic Significance (a/k/a Part 1 Certification) and a Certification of a Rehabilitation Plan (a/k/a Part 2 Certification) have been issued by the Commission to the Applicant.

NOW, THEREFORE, the Applicant and the Tax Division agree as follows:

SECTION 1. Definitions. Unless otherwise defined in this Agreement, capitalized terms used herein shall have the meaning ascribed to them pursuant to Chapter 33.6 of Title 44 of the Rhode Island General Laws and the Regulations implementing same.

SECTION 2. Adequate Consideration. The Processing Fee payable by the Applicant, under Section 4(b) hereof and the Regulations, constitutes adequate consideration for the contractual obligation of the Tax Division to provide the Tax Credits described in Section 5(a) hereof in accordance with the terms hereof.

SECTION 3. Effective Date of Rhode Island Law. Unless otherwise indicated herein, all references herein to the Rhode Island General Laws and the Regulations shall refer to such statutes as in effect as of the date of enactment of Public Law 2013, Ch 144, Art. 22 by the Rhode Island General Assembly and to such regulations as promulgated by the Commission and/or the Tax Division to implement Public Law 2013, Ch 144, Art. 22.

SECTION 4. Duties of the Applicant.

(a) The Applicant shall fulfill the requirements for the Substantial Rehabilitation of the Project approved by the Commission and, in addition thereto, the Applicant specifically covenants that:

(1) *Full, Fair and Honest Disclosures Required.* The Applicant has made, and will make, full, fair and honest disclosure of all material facts to both the Commission and the Tax Division during the entire Application process set forth in the Regulations.

(2) *Rehabilitation Will be Consistent with Plan and Standards.* The Applicant shall insure that the Project, when finished, will be consistent with the proposed rehabilitation plan certified by the Commission and that all completed work will meet the criteria set forth in the Regulations and the *Standards of Rehabilitation* incorporated therein.

(3) *Documentation Required to Verify Costs Incurred.* The Applicant will furnish, on demand and in a complete and timely fashion, any additional and detailed documentation to verify that any final costs attributable to the Substantial Rehabilitation of a Certified Historic Structure were actually incurred and furthermore, meet the criteria of Qualified Rehabilitation Expenditures. Said documentation shall include, at the minimum, the items set forth in Tax Division Regulation CR 13-16.

(b) *Processing Fee.* The Applicant agrees to pay, in full, a Processing Fee equal to three percent (3%) of estimated Qualified Rehabilitation Expenditures to the Tax Division before or upon execution of the within Agreement. If full payment is not tendered to the Tax Division along with a proposed Agreement, the Agreement will not be signed and any partial payment remitted shall be returned to the Applicant. The failure to pay the Processing Fee, in full and within thirty (30) days from the Commission's Part 2 certification date, will result in the denial of Tax Credits and the Applicant's loss of place in the Queue for Tax Credits.

SECTION 5. Duties of the Tax Division.

(a) *Tax Credit.* The Tax Division shall allow a Tax Credit, as set forth in Exhibit B, calculated in accordance with RIGL §44-33.6-3(a), and equal to the lesser of: (i) the estimated Qualified Rehabilitation Expenditures as submitted with this Agreement multiplied by either twenty percent (20%) or twenty-five percent (25%), as elected by the Applicant, or (ii) the actual Qualified Rehabilitation Expenditures, incurred by the Applicant and verified by the Tax Division, for the Substantial Rehabilitation multiplied by either twenty percent (20%) or twenty-five percent (25%), as elected by the Applicant. Provided further that:

(1) *25% Tax Credit Requires Trade or Business Use.* If the Applicant elects twenty five percent (25%) of the Qualified Rehabilitation Expenditures as the Tax Credit, the Applicant acknowledges and agrees that: (i) at least twenty five (25%) percent of the total rentable area of the Certified Historic Structure will be made available for a Trade or Business, as defined in RIGL §44-33.6-2(17), or (ii) the entire rentable area located on the first floor of a Certified Historic Structure will be made available for a Trade or Business, as defined in RIGL §44-33.6-2(17).

(2) *Qualified Rehabilitation Expenses Incurred on or after July 3, 2013.* The Applicant acknowledges that the Qualified Rehabilitation Expenses upon which the Tax Credit is claimed must be incurred on or after July 3, 2013. Qualified Rehabilitation Expenses incurred prior to July 3, 2013 cannot be used for calculating Tax Credits under this program.

(3) *Maximum Tax Credit Allowed.* The Applicant acknowledges and agrees that the maximum amount of the Tax Credit allowed for any certified rehabilitation project, under Chapter 33.6 of Title 44 of the General Laws, is Five Million Dollars ($5,000,000) and that this limitation applies regardless if the structure is to be completed in phases or in multiple projects.

(4) *Qualified Rehabilitation Expenditures Allowed by Certification after Audit.* The Applicant acknowledges that the Qualified Rehabilitation Expenditures are allowed only if certified by the Tax Division after audit and further acknowledges that the Tax Division is authorized to conduct said audits and issue such certifications. The within acknowledgement does not abrogate or hinder the Applicant's right to contest the denial, in whole or in part, of a request to certify Qualified Rehabilitation Expenditures.

(b) *Processing Fee is Non-Refundable.* The Applicant acknowledges and agrees that the Processing Fee paid pursuant to Section 4(b) of this Agreement is, pursuant to RIGL §44-33.6-4(d), non-refundable. Processing Fees will not be returned if the Applicant subsequently abandons the Project and no longer desires the Tax Credit nor will Processing Fees be returned, in part, if the Processing Fees paid with this Agreement exceed three percent (3%) of the actual Qualified Rehabilitation Expenditures incurred by the Project as certified by the Tax Division.

SECTION 6. Termination of Agreement

(a) *Grounds for Termination and Sanctions.* If information comes to the attention of either the Commission or the Tax Division, at any time up to and including the last day of the Holding Period, that is materially inconsistent with representations made by the Applicant herein or in an application or supporting documentation filed with the Commission or the Tax Division, the Tax Division may terminate this Agreement and the Commission or the Tax Division may deny requested certifications or rescind certifications previously issued. In either instance, any Processing Fees paid by the Applicant will be forfeited. Upon termination, any Tax Credits issued under this Agreement hereunder shall be null and void and subject to recapture. In addition, any proceeds received from the sale, transfer or assignment of Tax Credits will be subject to taxation. This Section of the Agreement shall be applied in a manner consistent with RIGL §44-33.6-4(h) and RIGL §44-33.6-3(f).

(b) *Holding Period Defined.* The term "Holding Period" as used within this Agreement shall mean twenty-four (24) months after the Commission issues a Certificate of Completed Work. In the case of a rehabilitation which may reasonably expected to be completed in phases, as described in RIGL §44-33.6-2(16), "Holding Period" shall be extended to include a period of time beginning on the date of issuance of a Certificate of Completed Work for the first phase or phases for which a Certificate of Completed Work is issued and continuing until the expiration of twenty-four (24) months after the Certificate of Completed Work issued for the last phase.

SECTION 7. Assignment of Agreement.

(a) *Assignments Allowed and Consents Required.* The Applicant's right to assign this Agreement is limited and shall be governed by RIGL §44-33.6-4(g) with that section allowing such assignment only to:

(1) An Affiliate of the Applicant without the consent of the Tax Division, or

(2) A banking institution, as defined by RIGL §44-14-2(1), or a credit union, as defined by RIGL §44-15-1.1(1), without the consent of the Tax Division, or

(3) A person, firm, partnership, trust, estate, limited liability company, corporation (whether for profit or non-profit) or other business entity that incurs Qualified Rehabilitation Expenditures for the Substantial Rehabilitation of Certified Historic Structures or some identifiable portion thereof to be Placed in Service on or after July 3, 2013, with such assignment to be approved by the Tax Division and which approval shall not be unreasonably withheld, or

(4) A person, firm, partnership, trust, estate, limited liability company, corporation (whether for profit or non-profit) or other business entity that is approved by the Tax Division, and such assignment shall require the consent Tax Division.

(b) *Affiliate Defined.* The term "Affiliate" is defined in RIGL §44-33.6-4(g) as any entity controlling, controlled by or under common control with such person, firm, partnership, estate, trust, limited liability company, corporation (whether for profit or non-profit) or other business entity.

(c) *Notice of Assignments.* Prior written notice of any assignments of the Agreement, including those for which no consent is required, shall be given to the Tax Division pursuant to Section 13. Such notice shall include the name, tax identification number, the address, phone number, and contact person for both the assignor and the assignee and shall indicate the date of assignment.

SECTION 8. Timely Progress of Project Required.

(a) *Project Schedule Must Have Been Filed.* The Applicant covenants that it has submitted to the Commission, along with its Part 2 Application, a reasonably detailed project timeline setting forth a schedule whereby various identifiable aspects of the Project (e.g., rough plumbing & electrical, exterior siding, interior finish work on 1st floor) will be completed and the estimated amount of Qualified Rehabilitation Expenditures that will be expended on each such aspect of the Project (the "Project Schedule"). In the event that the Project is to be completed in phases, the Project Schedule should also reflect when it is anticipated that each phase will be completed and an estimate as to the amount of Qualified Rehabilitation Expenditures that will be incurred in each phase.

(b) *"Substantial Construction" Requirement.* The Applicant acknowledges and agrees that Substantial Construction on the Project must commence within twelve (12) months from the date on which the Applicant's Part 2 Application is approved by the Commission. Furthermore, upon commencing Substantial Construction, the Applicant shall file an affidavit with the Commission

attesting to the commencement of Substantial Construction together with evidence that the requirements of Substantial Construction have been satisfied.

(c) *Substantial Construction Defined.* The term "Substantial Construction" is defined to mean that (i) the owner of a Certified Historic Structure has entered into a contract with the Tax Division and paid the Processing Fee; (ii) the Commission has certified that the Certified Historic Structure's rehabilitation will be consistent with standards set forth in Chapter 33.6 of Title 44; and (iii) the owner has, within five (5) years from the date this Agreement is executed, expended ten percent (10%) of the Qualified Rehabilitation Expenditures estimated in the contract entered into with the Tax Division for the Project or, if a phased project, for the first phase the Project. Substantial Construction does not occur until all three of the above requirements are fulfilled.

(d) *Project Shall Not "Remain Idle".* The Applicant further covenants that within twelve (12) months from the date of Part 2 Certification, construction will commence and the Project shall not Remain Idle for any period of time exceeding six (6) months prior to the completion of the Project.

(e) *Remain Idle Defined.* The term "Remain Idle" is defined to mean that:

(1) Substantial work has ceased at the Project; or

(2) Work crews have been reduced by more than twenty-five percent (25%) for reasons unrelated to (i) scheduled completion of work in accordance with the Project's schedule, (ii) reasonably unanticipated physical conditions, or (iii) an event of force majeure; or

(3) The Project Schedule that was originally submitted to the Applicant to the Commission has been extended for more than twelve (12) months for reasons unrelated to (i) reasonably unanticipated physical conditions or (ii) an event of force majeure.

The Project is deemed to Remain Idle if any one of the above three criteria are met.

(f) *Force Majeure Defined.* To be deemed an event of force majeure, the cause of the event must be (i) reasonably unforeseen, (ii) outside the control of the Applicant and (iii) could not be avoided by the Applicant's exercise of due care. By way of example, and not in limitation, any delays, work stoppages, or work force reductions caused by financial difficulties, labor disputes or violation of the law shall be deemed to cause the Project to Remain Idle.

(g) *Penalties for Non-Compliance.* In the event that Substantial Construction is not commenced within twelve (12) months from the date on which the Applicant's Part 2 Application is approved by the Commission or if the Project Remains Idle for a period of time exceeding six (6) months, the Applicant shall forfeit all Processing Fees paid prior to that date and this Agreement for Tax Credits shall be terminated and deemed null and void without further action or documentation.

(h) *Periodic Reports Required.* In order to demonstrate that the Project does not Remain Idle, the Applicant, or its successor in interest, is to submit quarterly reports, with supporting documentation, to the Tax Division on or before the fifth day of April, the fifth day of July, the fifth day of October and the

fifth day of January. Said reports shall briefly set forth the work or tasks accomplished and the number of individuals employed on the Project during the preceding quarter.

(i) *Reapplication after Forfeiture and Termination.* Upon forfeiture and termination, the Applicant, pursuant to RIGL §44-33.6-7, may re-apply for Tax Credits for the Project but the Applicant acknowledges that it will be placed at the end of queue of prior applicants then awaiting the availability of Tax Credits. To reapply and be placed at the bottom of the Queue, the Applicant must submit a new application for Rhode Island Historic Preservation Tax Credits 2013 (Form HTC-13) to the Tax Division. If and when Tax Credits become available, the Applicant acknowledges that reapplication is expressly conditioned and subject to the following:

(1) The Applicant shall submit to the Commission a new application for Part 2 Certification, an amended Project Schedule as described in Section 8(a), setting the new reasonably detailed project timeline;

(2) The Applicant shall submit evidence, along with its request for reapplication, establishing the reason for the delay in the commencing Substantial Construction of the Project or for the Project Remaining Idle, and shall further provide evidence, reasonably satisfactory to the Commission, that the condition or event, causing the delay in commencing the Project or causing the Project to Remain Idle, has been resolved and will not recur; and

(3) The Applicant will be required to remit a three percent (3%) non-refundable Processing Fee as described in Section 4(b). This Processing Fee shall be calculated in accordance with the re-application submitted to the Commission and the Tax Division.

SECTION 9. Restrictive Covenants Required.

(a) *Material Alterations.* The Applicant acknowledges and agrees that no Tax Credits shall be issued until the owner of the Certified Historic Structure grants to the Commission a restrictive covenant agreeing that, during the Holding Period as defined in Section 6(b), no material alterations will be made to the Certified Historic Structure (i) without the Commission's prior approval, and, if approved, (ii) such material alterations shall be consistent with the standards established by the Secretary of the United States Department of the Interior for the rehabilitation of historic structures.

(b) *Trade or Business Use.* In the event that application has been made for the twenty five percent (25%) Tax Credit under this Agreement, the owner of the Certified Historic Structure shall also grant to the Commission a restrictive covenant agreeing that, for a period of sixty (60) months commencing when the Certified Historic Structure, or an identifiable portion thereof, was Placed into Service, either (i) twenty five percent (25%) of the total rentable area of the Certified Historic Structure or (ii) the entire rentable area located on the first floor of the Certified Historic Structure will be made available for a Trade or Business, as defined below.

(1) *Trade or Business Defined.* Pursuant to RIGL §44-33.6-2(17), a Trade or Business means an activity carried on for the production of income from the sale or manufacture of goods or performance of services, *excluding residential rental activity.*

(2) *Made Available Defined.* For purposes of this Agreement, the rentable area of a Certified Historic Structure is "made available for a Trade or Business" if, during the sixty (60) months after the Certified Historic Structure, or an identifiable portion thereof, was Placed into Service, the owner of the Certified Historic Structure has:

(i) Consistently and repeatedly advertised and marketed the rentable area for immediate occupancy or use by means of electronic media, print media, commercial listings or directories and other channels of communication reasonably designed to reach businesses located throughout the State of Rhode Island and in communities in adjoining states; or

(ii) Has consistently and repeatedly rented or leased the rentable area to a Trade or Business as defined in Section 9(b)(1) above.

(3) *Documentation Required to Demonstrate Compliance.* The Tax Division may require rental agreements and/or sample advertising materials and invoices to document compliance with the provisions of RIGL §44-33.6-4 and RIGL §44-33.6-2(17).

(c) *Participation in Registered Apprenticeship Program.* The Applicant acknowledges and agrees that, under RIGL §44-33.6-8, if the Hard Construction Costs of the Project equal or exceed ten million dollars ($10,000,000), Tax Credits will be allowed only if any contractor and subcontractor working on the Project has an apprenticeship program for all apprenticeable crafts that will be employed on the Project at the time of bid. Said apprenticeship programs must be registered and approved by the United States Dept. of Labor in conformity with federal regulations.

(1) *Hard Construction Costs Defined.* Hard Construction Costs shall mean direct contractor costs for labor, material, equipment, and services associated with the Project, contractors' overhead and profit, and other direct construction costs. By way of example and not in limitation, Hard Construction Costs do not include architectural and engineering fees, the cost of surveying, legal and accounting expenses, insurance premiums or development costs. Hard Construction Costs are not necessarily costs that are allowable as QREs.

(2) *Minimum Employees Required.* The requirement to have a registered and approved apprenticeship program applies to any contractor and subcontractor working on the Project that has five (5) or more employees.

(3) *Review to Ascertain Non-Compliance.* The Applicant acknowledges that there are statutory sanctions for non-compliance with RIGL §44-33.6-8 and that the Department of Labor & Training, in conjunction with the Tax Division and other agencies, may review claims that a contractor or subcontractor was exempt from the apprenticeship program requirement due to insufficient employees.

SECTION 10. Jurisdiction and Venue. This Agreement shall be governed by the laws of the State of Rhode Island. Venue for all legal proceedings arising out of this Agreement, or the breach thereof, shall be located only in a court with competent jurisdiction in the State of Rhode Island.

SECTION 11. Entire Agreement. This Agreement contains the entire understanding between the Parties. For purposes of this Section, the Exhibits attached hereto are integral to the Agreement and made a part of the Agreement. The Agreement may not be changed orally but only by agreement in writing signed by the Parties.

SECTION 12. Severability. If one or more of the provisions of this Agreement should become legally invalid, the validity of the remaining provisions shall not be affected thereby. However, in such case, the Parties shall immediately agree on some other contractual arrangement which secures, as far as possible, the intended economic effect of the invalid provision(s).

SECTION 13. Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given, if mailed by registered or certified mail, return receipt requested, or, if transmitted by other means, when received by the other Party at the address set forth herein, or such other address as may hereafter be furnished to the other Party by like notice.

(a) It is the responsibility of the Applicant or its successor and assignees to timely notify the Tax Division of any changes in contact information, and in particular, to notify the Tax Division of any change in address to which written notices should be sent.

(b) Notice or communication hereunder shall be deemed to have been received on the date delivered to or received at the premises of the addressee. In the case of receipt by registered or certified mail, notice or communication hereunder shall be deemed to have been received by the date noted on the return receipt. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing, and if sent by registered or certified mail or delivered, postage prepaid, to the addresses below:

If to the Applicant:

William E. Gordon
Veterans for Tomorrow, LLC
C/o The Arc of Blackstone Valley
500 Prospect Street, Pawtucket, RI 02860

If to the Tax Division:

Tax Administrator
RI Division of Taxation
One Capitol Hill, 1st floor
Providence, RI 02908-5800

SECTION 14. Guarantee, Binding Effect and Enforceability.

(a) *Guarantee of Delivery of Tax Credits.* If this Agreement is not terminated pursuant to Section 6 or Section 8(f) and the Applicant has secured a Certification of Completed Rehabilitation from the Commission, the Tax Division guarantees delivery of one hundred percent (100%) of the amount of the Tax Credit, subject to audit and confirmation, to (i) the Applicant pursuant to RIGL §44-33.6-3(b)(1) as the party that incurred Qualified Rehabilitation Expenditures for the Substantial Rehabilitation

of a Certified Historic Structure or an identifiable portion thereof, as specified in the Agreement, and Placed in Service on or after July 3, 2013, or (ii) to the Assignee(s) of the Applicant pursuant to RIGL §44-33.6-3(f) and the Regulations.

(b) If this Agreement is not terminated pursuant to Section 6 or Section 8(f) and the Applicant has secured a Certification of Completed Rehabilitation from the Commission, the Tax Division guarantees that the Tax Credit, subject to audit and certification, shall be allowed pursuant to RIGL §44-33.6-3(b) and §44-33.6-3(e) for the taxable year in which a Certified Historic Structure or an identifiable portion thereof, as specified in the Agreement, is Placed in Service; Provided that the Substantial Rehabilitation test is met for such taxable year and provided further that the Certified Historic Structure, or an identifiable portion thereof, is Placed into Service on or after August 1, 2013.

(c) "Substantial Rehabilitation" means that the Qualified Rehabilitation Expenditures incurred with respect to the Certified Historic Structure during the twenty-four (24) month period selected by the Applicant ending with or within the taxable year, in which the Certified Historic Structure is Placed in Service, exceed the Adjusted Basis in such building and its structural components as of the beginning of such period. In the case of any Rehabilitation which may reasonably be expected to be completed in phases, the above definition shall be applied by substituting "sixty (60) month period" for "twenty-four (24) month period".

(d) This Agreement constitutes a binding and enforceable agreement between the Applicant and the Tax Division. This Agreement and the rights granted hereunder shall be enforceable by the Parties through all remedies available at law and in equity.

SECTION 15. Limitations.

(a) Applicability of Agreement. This Agreement applies only to a Rehabilitation of a Certified Historic Structure or some identifiable portion thereof, that: (i) is Placed in Service on or after August 1, 2013; (ii) for which an Application for Certification of a Rehabilitation Plan (a/k/a Part 2 Certification) and an Application for Determination as a Historic Structure (a/k/a Part 1 Certification) have been issued by the Commission after August 1, 2013; and (iii) for which Qualified Rehabilitation Expenses have been incurred on or after July 3, 2013.

(b) *Election of Tax Credit Program.* The Applicant and/or its Assignees who elect and qualify for Tax Credits for the Substantial Rehabilitation of a Certified Historic Structure under Chapter 33.6 of Title 44 are ineligible to claim Tax Credits for Rehabilitation of that particular Certified Historic Structure under Chapter 33.1 of Title 44, Chapter 64.7 of Title 42 or Chapter 31 of Title 44. Applicants and/or their assignees must waive, in writing, any claims to tax credits under the aforementioned chapters prior to entering into this Agreement.

SECTION 16. Further Assurances. Each of the Parties hereto shall promptly execute and deliver all such documents, instruments and assurances and do or cause to be done all such acts and things as are necessary or advisable fully to perform and carry out the provisions and intent of this Agreement.

SECTION 17. Captions. Titles or captions of Sections contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Agreement or the intent of any provision hereof.

SECTION 18. No Waiver. The failure of any Party to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such Party's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder. No term or provision of the Agreement may be waived unless such waiver is in writing and signed by the Parties.

SECTION 19. Executed in Counterparts. For the purpose of facilitating proving this Agreement, and for other purposes, this Agreement may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

SECTION 20. Warranties.

(a) *Warranty of Legal Existence.* The Applicant warrants that it is duly organized, chartered or formed under the laws of its State of domicile and that it has the lawful power to engage in the business it is presently conducting or will conduct in the future. The Applicant is duly licensed or qualified and in good standing in each jurisdiction, including Rhode Island, wherein the nature of the business it transacts makes such licensing or qualification necessary.

(b) *Warranty of Authority to Execute.* The Applicant and the signatory of this Agreement for the Applicant both warrant that they have the power and authority to negotiate and execute this Agreement and to perform the obligations thereunder and all such acts have been duly authorized by the necessary proceedings.

(c) *Warranty of No Outstanding Delinquencies or Deficiencies.* The Applicant further warrants that it does not have any outstanding delinquencies or deficiencies for taxes or regulatory fees owed to the State of Rhode Island.

SECTION 21. Disclosure and Dissemination of Reported Information. The Applicant acknowledges and agrees that RIGL § 44-33.6-9 imposes certain reporting requirements for the Applicant's participation in this tax credit program and that the information reported shall be specific, definite, and attributable to an identifiable person. In addition, such specific information, including this Agreement and its terms and exhibits, pursuant to RIGL § 44-33.6-9, shall be:

(a) Shared with or disseminated among other instrumentalities of the State, including but not limited to, the Commission, the Economic Development Corporation, designated members of both houses of the General Assembly, the governor, and the Department of Labor and Training; and

(b) A public document made available to the public for inspection by any person and published by the Tax Administrator on the Tax Division website.

This section shall also apply to any contract voided under the provisions of this Program.

IN WITNESS WHEREOF, the parties have caused this contract to be duly executed intending to be bound thereby:

STATE OF RHODE ISLAND
DEPARTMENT OF REVENUE, by
its ~~DIVISION~~ OF TAXATION

By: _____

Date: 12/19/13

APPLICANT NAME

By: _____

William E. Gordon
PRINT NAME

Title: Aurthorized Person

Date: 12/19/2013

Exhibit A: Determination of Historic Significance

[Attach a copy of the Determination of Historic Significance (Part 1 Certification) issued by the RI Historical Preservation & Heritage Commission]

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
HISTORICAL PRESERVATION & HERITAGE COMMISSION
Old State House • 150 Benefit Street • Providence, R.I. 02903-1209
TEL (401) 222-2678 FAX (401) 222-2968
TTY (401) 222-3700 Website www.preservation.ri.gov

HISTORIC PRESERVATION INVESTMENT TAX CREDIT
Part 1 -- Certification of Historical Significance

RI Project Number 13-08

Property Name Heaton & Cowing Mill

Property Address 1115 Douglas Ave, Providence, Rhode Island

This Part 1 evaluation of significance has been reviewed by
who meets Historic Preservation Professional Qualification Standards.

REASON FOR CERTIFICATION OF HISTORICAL SIGNIFICANCE
(See page 2 for a brief description of the property and its significance.)

☑ Property is individually listed in the National Register of Historic Places (Or determined to be eligible by the US Department of Interior).

☐ Property contributes to the significance of

☐ Property has been designated as a historic property by Ordinance in the City/Town of _____; in accordance with RIGL 45-24.1 and

- ☐ it is more than fifty (50) years old, and
- ☐ it is related to a broad theme of the community's history or is a good example of a type, style, or method of construction, and
- ☐ it possesses sufficient integrity of location, design, setting, materials, workmanship, feeling and association to convey its historical significance.

☐ THIS IS ONLY A PRELIMINARY DETERMINATION. The property appears to meet the criteria indicated, but it has not been formally listed or designated. In order to claim a RI Historic Preservation Investment Tax Credit the property must receive FINAL Certification of Significance before the rehabilitation work is completed and before the building is placed in service.

11/26/2013 Edward F. Sanderson

Date

Executive Director
Historical Preservation and Heritage Commission

Exhibit B: Certified Rehabilitation Plan

[Attach a copy of the Certification of a Rehabilitation Plan (Part 2 Certification) issued by the RI Historical Preservation & Heritage Commission and a complete copy of the detailed project timeline (including costs and dates of rehabilitation) submitted to the Commission as part of the Applicant's Part 2 Application]

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HISTORIC PRESERVATION INVESTMENT TAX CREDIT
Certification -- Part 2

RI Project Number 13-08

Part 2 Fee Paid $0.00 Part 3 Fee Paid

Property Name Heaton & Cowing Mill

Property Address 1115 Douglas Ave, Providence, Rhode Island

Certified Historic Structure? ☑ yes ☐ pending

Type of Request ☑ Part 2
☐ Amended Part 2

CERTIFICATION

This application was reviewed by Virginia Hesse who meets Historic Preservation Professional Qualification Standards.

The project:

☐ meets the Standards for Historic Preservation Projects and is approved.

☑ meets the Standards only if the conditions stated on page 2 are met. Approval is

☐ does not meet Standard number(s) for the reasons stated on page 2. The project is not approved.

☐ does not provide sufficient information. The project is not approved.

11/26/2013 Edward F. Sanderson

Date Executive Director
Historic Preservation and Heritage Commission

ISSUES

- ☐ Additions, including rooftop additions.
- ☐ Alteration of significant exterior features or surfaces.
- ☐ Alteration, removal, or covering of significant interior finishes or features.
- ☐ Adjacent new construction, extensive site work, or demolition of related structures.
- ☐ Changes to significant interior spaces or plan.
- ☐ Window replacements on any major elevation that do not match historic.
- ☐ Damaging or inadequately specified masonry treatments.
- ☐ Other (explain)

EVALUATION OF PROJECT AND CONCERNS
(Basis for decision to approve or deny the project.)

The Heaton and Cowing Mill is a small, two-story, early nineteenth century mill which is currently vacant and is proposed to be rehabilitated for use as single-room occupancy veteran's housing. Nineteen affordable units will be created. The stone and brick early mill has a larger brick masonry structure attached to the rear (circa 1861). The building sits close to the road, and adjacent to a narrow river. It sits adjacent to a larger late nineteenth and early twentieth century mill complex, though this mill predates the larger complex (which is currently under separate ownership).

The original building, c. 1835, was built with a very course rubble-stone wall on the west (front) and north (parking lot) sides, and a soft thin shale stone on the south (river) side. All masonry openings and corners were framed with brick quoining. The front façade has three doors, two original arched openings, and one door that appears to have been cut down from a window. The roof has a shallow pitch; gable end to the street, however the building suffered a fire at one time, and the roof framing is not original. Windows in the original mill are wood 6/6 double-hung square-topped sash set in segmental arched openings. The windows, thought true-divided lights, are replacement windows. There is no evidence that the stone had ever been parged, though the stone joints are wide and irregular. The mortar has eroded significantly on the rubble-stone walls, but both the mortar and shale stone is heavily eroded on the south side, and has been ravaged by heavy vines attached to the surface.

The 1861 brick addition is also two stories, though the floor to ceiling heights are taller, and it has large steel industrial windows. A one story concrete block addition is attached to the east side of the brick structure, and will be demolished as part of this project.

The interior of the stone mill has parged interior walls, applied directly to the stone. The

parging is in varying states of deterioration. There is sheetrock and plywood over most of the plaster parging. The brick structure has painted brick on the first and second floors. Interior framing of both buildings is heavy timber posts and wooden floor framing. Steel beams support the second floor wooden joists in the brick building. There are extant staircases in both buildings. The staircase in the older building may be in its original location, but the current staircase and balustrade retains no architectural detail. The staircase in the brick building is contemporary with the structure and is simply detailed. Both staircases will be retained. There is little interior architectural character other than wall finish, wooden posts, and exposed floor and roof framing.

The rehabilitation of the exterior of the stone mill will involve some masonry reconstruction. The quoining at the base of the northwest corner is damaged, and the door that was previously a window will be restored as a window. The shale wall on the south façade is so heavily eroded that, once all of the heavy vines have been removed, it will be parged to a plane approximately the same as the brick quoining. The brick will not be parged, and shale stones that project from the wall beyond the plain of the brick will be exposed. The rubble-stone walls on the other facades will be repointed with the same irregular joints that it most likely had before the mortar eroded.

Windows on both buildings will be replaced with historic reproductions. The stone building will receive aluminum-clad wood windows, with simulated divided lights, and the brick addition will have aluminum replacements which replicate the industrial profile and operable window location. Wood trim at the eaves will be repaired or replaced in kind as necessary. The front doors, which are not historic, will be removed and replaced with new wooden historic reproductions based on typical mill doors of this period, double-leaf paneled below with glass above. The main entrance will have door leafs of differing widths to accommodate handicap accessibility.

The interior of the building will be organized around a double loaded corridor. The opening between the two buildings will be infilled and a new opening created to align with the center corridor. The original steel door will be retained in its original location. New partitions will intersect the outside walls between the windows.

The interior walls of the stone mill will have all existing sheetrock and paneling removed. Shallow furring strips will be fastened to the perimeter walls and new sheetrock will be applied, replicating the profile of window sills and sidewalls. The walls in the brick mill will be painted. Floors are presently covered with concrete topping and or carpeting. The floors will be covered with VCT or carpeting in the rehabilitation. A new elevator will be located in the brick addition.

This project will retain the historic appearance of the exterior, and will meet the Standard for Rehabilitation if the following conditions are met. We recommend conditional approval of this Part 2 application.

CONDITIONS THAT MUST BE MET FOR APPROVAL

Windows: Replacement windows must match the existing windows in elevation, dimension and profile. Insect screens must be interior. Simulated divided light sash must include a sandwiched grid which fully fills the space. Shop drawings and a mock-up of the proposed windows must be prepared for review and approval prior to the manufacture of the entire order.

Masonry Repointing and Parging: Samples of the repointing mortar must be prepared in mock-up samples for review and approval by the SHPO. The sample must show color texture and aggregate that match the predominant (most original) mortar on the building. A sample repointing joint should be prepared each for the brick masonry and rubble stone, as well as a sample of the parging for the shale wall. The approved samples will be retained as the standard for the entire project.

Plywood Sill at Interior of Stone Mill – If plywood is to be used for the deep window sills on the interior of the stone mill, they must have a painted finish. If solid wood is used, the finish can be natural/clear.

Interior Window Finish – the wood interior window finish must be painted rather than a natural pine finish. Having a natural finish on the window interior is not historically appropriate either for the period in which the building was built, or for an industrial structure. Insect screens must be on the interior.

Front Exterior Door F – No historic door or photograph of the original exists for the front of the building. We understand that in order to meet handicap accessibility, one of the door leafs must be wider than the other. However, the proposed division of glass panes proposed for this door would result in two very different divisions of glass panes. To avoid the awkward disparity, the narrower leaf should not have glass in it, but simply have a recessed wood panel where the glass is shown.

Interior Wood Posts – Where existing wood posts will be engaged with a new partition, they should not be cased, or encapsulated with wood baseboard or chair-rail that will be on the new walls. Wood posts in both sides of the building should retain their original bases and caps (if any or if none), and not be strapped into the new wall with the application of new trim. We also understand that all wood posts and exposed ceiling and floor framing that is painted will remain painted. Sandblasting of wood surfaces within 10 feet of the floor is not permitted as a method of paint removal.

Detailed project timeline

Commitment of all funding	9/15/13
Acquisition of property	8/15/12
Completion of design/engineering	7/15/12
Award of construction contract	9/13/12
Start construction	10/1/13
Submission of occupant eligibility documentation	8/1/14
Construction completion (CO)	9/1/14
NPS HTC Part 3	10/1/14
Full Occupancy	10/1/14
Cost Certification	10/15/14
Submission to State for HTC's	11/15/14

Amended

Detailed project timeline

Commitment of all funding	9/15/13
Acquisition of property	8/15/12
Completion of design/engineering	7/15/12
Award of construction contract	9/13/12
Start construction	02/1/14
Submission of occupant eligibility documentation	12/1/14
Construction completion (CO)	01/15/15
NPS HTC Part 3	03/1/15
Full Occupancy	02/1/15
Cost Certification	04/15/15
Submission to State for HTC's	04/15/15

Development/Rehabilitation Costs (USES)

Current Model Progress Date: 12/12/2013

Douglas Avenue

New Construction and/or Rehabilitation? Rehabilitation

Description	Total	Non-Depreciable	Depreciable Basis: Residential	Depreciable Basis: Non-Residential	Amortized	Expensed & Other Costs	Total Cost as % of Total Const/Rehab	%	Eligible for Acquisition Credit	Eligible for Rehab. Credit
CONSTRUCTION/REHAB. COSTS										
Buildings	$2,132,548	$0	$2,132,548	$0	$0	$0	72.6%	100%	$0	$2,132,548
Site Work	$214,000	$114,000	$100,000	$0	$0	$0	7.3%	100%	$0	$214,000
General Requirements: Typically 7%	$131,827	$0	$131,827	$0	$0	$0	4.5%	100%	$0	$131,827
Builders General Overhead: Typically 2%	$50,347	$0	$50,347	$0	$0	$0	1.7%	100%	$0	$50,347
Builders Profit: Typically 8%	$102,850	$0	$102,850	$0	$0	$0	3.5%	100%	$0	$102,850
Bond Premium	$23,634	$0	$23,634	$0	$0	$0	0.8%	100%	$0	$23,634
Permit	$32,259	$0	$32,259	$0	$0	$0	1.1%	100%	$0	$32,259
TOTAL HARD COSTS	$2,687,465	$114,000	$2,573,465	$0	$0	$0	91.5%			
Construction Contingency: Typically 10%	$249,534	$16,524	$233,010	$0	$0	$0	8.5%	100%	$0	$249,534
TOTAL CONSTRUCTION/REHABILITATION	$2,936,999	$130,524	$2,806,475	$0	$0	$0	100.0%			
FEES										
Architect Fee - Design	$92,500	$0	$92,500	$0	$0	$0	3.1%	100%	$0	$92,500
Architect Fee - Supervision	$35,000	$0	$35,000	$0	$0	$0	1.2%	100%	$0	$35,000
Non-LIHTC Legal	$95,000	$0	$95,000	$0	$0	$0	3.2%	100%	$0	$47,500
Survey	$6,000	$0	$6,000	$0	$0	$0	0.2%	100%	$0	$6,000
Environmental	$3,000	$0	$3,000	$0	$0	$0	0.1%	100%	$0	$3,000
Insurance	$30,000	$0	$30,000	$0	$0	$0	1.0%	100%	$0	$30,000
Cost Certification	$20,000	$0	$20,000	$0	$0	$0	0.7%	100%	$0	$20,000
Structural Engineering & Reports	$29,000	$0	$29,000	$0	$0	$0	1.0%	100%	$0	$29,000
LIHTC Legal	$95,000	$50,000	$45,000	$0	$0	$0	3.2%	100%	$0	$95,000
LIHTC Accounting	$20,000	$20,000	$0	$0	$0	$0	0.7%	100%	$0	$20,000
Tax Certification and Tax Returns	$20,000	$0	$20,000	$0	$0	$0	0.7%	100%	$0	$20,000
TOTAL FEES	$445,500	$70,000	$375,500	$0	$0	$0	15.2%			
MISC. PROJECT CHARGES										
Property Appraisal	$15,000	$0	$15,000	$0	$0	$0	0.5%	100%	$0	$15,000
Market Study	$0	$0	$0	$0	$0	$0	0.0%	100%	$0	$0
Architecture/NCA	$12,500	$0	$12,500	$0	$0	$0	0.4%	100%	$0	$12,500
Historic Consulting/Approvals	$15,000	$12,000	$3,000	$0	$0	$0	0.5%	100%	$0	$15,000
Credit Report	$500	$0	$500	$0	$0	$0	0.0%	100%	$0	$500
Marketing/Rent-Up	$20,000	$20,000	$0	$0	$0	$0	0.7%	100%	$0	$20,000
Owner Permit & Fees	$30,000	$0	$30,000	$0	$0	$0	1.0%	100%	$0	$30,000
RIH Legal	$45,000	$10,000	$35,000	$0	$0	$0	1.5%	100%	$0	$45,000
Soft Contingency including Printing (5,000)	$15,000	$0	$15,000	$0	$0	$0	0.5%	100%	$0	$15,000
TOTAL MISCELLANEOUS	$153,000	$42,000	$111,000	$0	$0	$0	5.2%			
FINANCING AND CARRYING CHARGES										
Construction Period Interest	$180,000	$0	$180,000	$0	$0	$0	6.1%	100%	$0	$180,000
Taxes During Construction	$24,000	$0	$24,000	$0	$0	$0	0.8%	100%	$0	$24,000
Risk Sharing Premium	$0	$0	$0	$0	$0	$0	0.0%	100%	$0	$0
State Historic Credit Fee	$101,386	$101,386	$0	$0	$0	$0	3.5%	100%	$0	$101,386
Title and Recording	$15,000	$0	$15,000	$0	$0	$0	0.5%	100%	$0	$0
1st Mortgage Origination Fee: Typ. $3640	$3,640	$3,640	$0	$0	$0	$0	0.1%	100%	$0	$3,640
Other Mortgage Origination Fee: Typ. $9241	$0	$0	$0	$0	$0	$0	0.0%	100%	$0	$0
Tax Credit Allocation Fee: Typically $11110	$11,110	$11,110	$0	$0	$0	$0	0.4%	100%	$0	$11,110
1st Year Property Tax Escrow	$8,925	$8,925	$0	$0	$0	$0	0.3%	100%	$0	$8,925
1st Year Insurance Escrow	$6,000	$6,000	$0	$0	$0	$0	0.2%	100%	$0	$6,000
Negative Arb/Cost of Issuance	$56,000	$14,000	$0	$0	$42,000	$0	1.9%	100%	$0	$56,000
TOTAL FINANCING	$406,061	$145,061	$219,000	$0	$42,000	$0	13.8%			
DEVELOPER FEE & RESERVES										
Base Developer Fee: Typ. $330000	$335,000	$0	$335,000	$0	$0	$0	11.4% *	100%	$100,500	$234,500
Eligible Incentive Developer Fee	$115,000	$0	$115,000	$0	$0	$0	3.9%	100%	$0	$115,000
Operating Reserve: Typically $79140	$58,444	$58,444	$0	$0	$0	$0	2.0%	100%	$0	$58,444
Lease-up Reserve	$10,044	$10,044	$0	$0	$0	$0	0.3%	100%	$0	$10,044
Replacement Reserve Year 1 Deposit	$20,000	$20,000	$0	$0	$0	$0	0.7%	100%	$0	$20,000
Rent Deficit Reserve	$142,971	$142,971	$0	$0	$0	$0	4.9%	100%	$0	$142,971
DEVELOPER FEE & RESERVES	$681,459	$231,459	$450,000	$0	$0	$0	23.2%			
SUBTOTAL CONSTRUCTION & SOFT COSTS	$4,623,019	$619,044	$3,961,975	$0	$42,000	$0	N/A		$100,500	$4,460,019

Developer Fee Property & Program Information: Rental Production, Single Building

Developer Fee as Percentage of Total Development Costs, Net of Reserves and Latent Defects:	8.5%
Developer Fee as Percentage of Total Development Costs and Acquisition, Net of Reserves and Latent Defects:	7.9%

		PER UNIT
SUBTOTAL CONSTRUCTION & SOFT COSTS	$4,623,019	$231,151
ACQUISITION COSTS	$282,000	$14,100
TOTAL DEVELOPMENT COSTS	$4,905,019	$245,251

TOTAL RIH REHABILITATION COSTS FOR 15% TEST	$0	$0
TOTAL RIH ACQUISITION COSTS FOR 15% TEST	$0	$0
RATIO OF RIH REHABILITATION COSTS TO RIH ACQUISITION COSTS	0.00%	

Developer Fee Summary for Reference

Result 1: Preservation or Refinance	$408,256
Result is 5% of Acq. + 10% of Dev. Costs, not including Reserves	
Result 2: Rental Production, Single Bldg.	$330,000
Result is $14K per 0-2BR Unit plus $15K per 3-5BR Unit	
Result 3: Rental Production, Multiple Bldgs.	$380,000
Result is $16K per 0-2BR Unit plus $17K per 3-5BR Unit	

Exhibit C: Tax Credit Methodology Election and Fee Payment

[Attach Original of Form HTC-V -2013: "Rhode Island Historic Structures-Tax Credit-Processing Fee Form"]