

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RHODE ISLAND COMMERCE CORPORATION
(INDUCEMENT RESOLUTION)**

December 15, 2014

(With Respect to the International Yacht Restoration School)

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, the International Yacht Restoration School ("Borrower") is a private non-profit corporation; and

WHEREAS, the Act authorizes the Corporation to borrow money and issue bonds for any of its corporate purposes; and

WHEREAS, Borrower has advised the Corporation that it plans to use bond proceeds to finance the acquisition of approximately 19,450 square feet of land located at 10 Spring Wharf, Newport, Rhode Island and the construction, equipping, furnishing of one or more buildings thereon of approximately 20,000 square feet to be used as a school (the "Project"); and

WHEREAS, the Project will require financing of up to \$12,000,000.00; and

WHEREAS, Borrower has requested a determination by the Corporation to issue up to \$12,000,000.00 of its revenue bonds under the Act to assist Borrower in financing the Project under some form of financing agreement, which will provide for payment sufficient to pay the principal of, interest and redemption premium, if any, on the bonds that will constitute a substantial inducement to Borrower to proceed with the Project; and

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

Section 1: The Corporation finds that the financing of the Project through the issuance of its revenue bonds is in furtherance of the public purposes of the Act, and that it is in the public interest that the Corporation take such actions as it may lawfully take to the end that the financing of the Project may be undertaken.

Section 2: In order to induce Borrower to proceed with the Project, the Corporation hereby determines that: (i) it will authorize the issuance of one or more series of revenue bonds (the "Bonds") pursuant to the Act, in an aggregate principal amount not to exceed \$12,000,000.00 and the loan of the proceeds to Borrower to

finance the Project; (ii) it will adopt such further orders and resolutions, and authorize the execution and delivery of such other instruments and taking of such further action as may be necessary or advisable for the authorization, issuance and sale of the Bonds, and the financing of the Project; and (iii) it will take or cause to be taken such other actions as may be appropriate in pursuance thereof; provided that all of the foregoing as well as all of the terms and conditions and provisions of security relating to the financing of the Project and the issuance of the Bonds shall be as authorized by law (including, without limitation, Chapter 64 of Title 42 of the General Laws of Rhode Island, as amended) and shall be acceptable to the Corporation and Borrower.

Section 3: The Corporation's discretion to accept or not to accept items relating to the Project or additional financing therefor or relating to credit, security, sale or marketing aspects of the Bonds is intended for the protection of the Corporation's interest, and any such acceptance shall not be construed to impose upon the Corporation any duties to, nor to confer any rights against the Corporation upon, any bondholders, investors or other third parties.

Section 4: The Corporation hereby declares its official intent, pursuant to Treasury Regulation § 1.150-2, or any succeeding or superseding regulation, to reimburse certain expenditures made for the Project prior to the issuance of the Bonds in the maximum amount of \$12,000,000.00.

Section 5: Any two of the Chairman, Vice Chairman, Executive Director (or successor thereto being the Secretary of Commerce), Chief Operating Officer, Chief Financial Officer and/or Managing Director of Financial Services, acting together, are authorized to take all actions which are necessary and proper, and execute any and all documents required to affect the intent of this resolution.

Section 6: This is a preliminary approval only and the Bonds contemplated by this resolution may not be issued until the Corporation adopts a final approval resolution. Nothing contained in this Resolution shall be construed as requiring the Corporation to issue the Bonds and the decision to issue the Bonds shall be in the complete discretion of the Corporation.

Section 7: No costs or expenses whether incurred by the Corporation or any other party in connection with the issuance of the Bonds or the preparation or review of any documents by any legal or financial consultants retained in connection herewith shall be borne by the Corporation. The Corporation may require such deposits or advances as it deems desirable for such fees, costs and expenses, and may require reimbursement of any such fees, costs and expenses paid by the Corporation. The Corporation shall have the right to select and retain legal, financial and other consultants in connection with the proposed financing, and all fees, costs and expenses of such consultants, along with all other such costs and expenses shall be paid from the proceeds of the Bonds or otherwise borne by the Borrower regardless of whether the Bonds are issued.

Section 8: This Resolution shall take effect upon passage and shall lapse within one year after the date of its passage unless further extended by appropriate action of the Corporation.