

RESOLUTIONS OF THE BOARD OF DIRECTORS OF  
THE RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

SEPTEMBER 21, 2009

(WITH RESPECT TO JOBS DEVELOPMENT ACT  
RECERTIFICATION DETERMINATION FOR CADENCE, INC.,  
a/k/a POPPER PRECISION INSTRUMENTS, INC. )

P R E A M B L E:

WHEREAS, on October 27, 2008, the Rhode Island Economic Development Corporation ("RIEDC"), pursuant to R.I.G.L. §42-64.5-5 determined that Cadence, Inc., a/k/a Popper Precision Instruments, Inc., qualified for Rhode Island income tax treatment in accordance with the Jobs Development Act;

WHEREAS, the RIEDC Board of Directors reviewed and relied upon an "Economic Analysis of Cadence, Inc. Expansion" dated October 10, 2008, a copy of which is attached hereto (the "Economic Analysis");

WHEREAS, the Economic Analysis treated the acquisition in January 2008, of the stock of Popper & Sons, Inc. (Cadence Inc.'s former parent) as an acquisition of the assets of Cadence and its former parent because the selling shareholders made an election under Section 338(h)(10) of the Internal Revenue Code of 1986, as amended ("IRC") that caused that purchase to be treated as an asset acquisition for federal and state income tax purposes and caused Cadence, Inc. to be treated as a new corporation that took over the assets, employees and business of its predecessor and had no employees prior to the completion of that sale;

WHEREAS, by virtue of the Section 338(h)(10) IRC election made by the selling stockholders in connection with the sale of the stock of Popper & Sons, Inc., the Economic Analysis concluded that Cadence, Inc. did not have employees until after that sale had been completed;

WHEREAS, such Section 338(h)(10) IRC election was made for good and valid business reasons with the sellers being taxed in the same manner as though the sale had been a sale of the assets of Popper & Sons, Inc., rather than a sale of stock;

WHEREAS, the Economic Analysis approved the use of July 1, 2008, as the base year that Cadence, Inc. was entitled to use for purposes of the Jobs Development Act and concluded that on that date it had zero employees and that all of the qualified employees that it retained following the sale of the stock of Popper & Sons, Inc. should be treated as new employees under the Jobs Development Act;

WHEREAS, the Economic Analysis incorrectly assumed that Cadence wished to adopt a base year for purposes of the Jobs Development Act of July 1, 2008, when from the information submitted it should have been allowed it to adopt a base year of July 1, 2007;

WHEREAS, it does not appear that the conclusions reached in the Economic Analysis would be changed if Cadence, Inc. were allowed to adopt July 1, 2007, as its



base year, rather than July 1, 2008, and the analysis continues to conclude that Cadence, Inc. had zero employment at the start of its base year and that it would be entitled to treat any qualifying employees that remained in its employ following the acquisition of the stock of Popper & Sons, Inc. as new employees for purposes of the Jobs Development Act

NOW, THEREFORE, the Board of Directors of the RIEDC hereby find as follows:

**VOTED:** That July 1, 2007 is the date which Cadence, Inc. shall use as its year to determine its "base employment" for purposes of the Jobs Development Act.

**VOTED:** That Cadence, Inc. is entitled to report for purposes of the Jobs Development Act that it had zero employment as of July 1, 2007 and all of the qualifying employees who were employed by Popper Precision Instruments, Inc. following the closing of the sale of its parent's stock were new employees of Cadence, Inc.

**VOTED:** Except as modified in these resolutions, the findings made in the Economic Analysis hereby are ratified and confirmed.

**VOTED:** The Secretary of the RIEDC is hereby authorized to certify and confirm these findings.

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RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

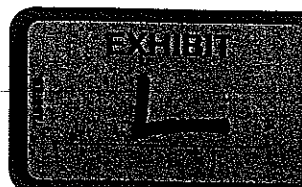
JOBS DEVELOPMENT ACT RESOLUTIONS

OCTOBER 27, 2008

(With Respect to Jobs Development Act Determination for Cadence Inc., a/k/a  
Popper Precision Instruments, Inc.)

**VOTED:** That the Rhode Island Economic Development Corporation, pursuant to the economic impact analysis attached and in accordance with R.I.G.L. §42-64.5-5 of the Jobs Development Act, hereby determines that:

- (a) But for the incentives available under the Jobs Development Act, Cadence Inc., a/k/a Popper Precision Instruments, Inc., is not likely to retain, expand, or add employment in Rhode Island; and
- (b) That Cadence, Inc., a/k/a Popper Precision Instruments, Inc., has provided reasonable evidence supporting a finding that the jobs retained, expanded, or added would generate new tax revenue for the State that is at least equivalent to the value of the incentives granted pursuant to the Jobs Development Act.



## Draft October 2008

**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
ECONOMIC ANALYSIS OF CADENCE INC. EXPANSION  
FOR JOB DEVELOPMENT ACT  
PURSUANT TO R.I.G.L. § 42-64.5-5**

As required by §42-64.5-5 of the Rhode Island General Laws, the Rhode Island Economic Development Corporation ("EDC") has prepared the following economic analysis of the expansion of Cadence, Inc. aka Popper Precision Instruments, Inc. in Rhode Island.

Popper Precision Instruments, Inc. is a manufacturer and leading supplier of a wide range of reusable and specialty hypodermic products to the medical and laboratory markets. Currently located at 267 Jenckes Hill Road in Lincoln, Rhode Island, the former S-Corp was purchased by Cadence Inc., a C-Corp headquartered in Virginia. Although Cadence, Inc. stock is not listed and traded on any of the national stock exchanges, the Company has more than 200 shareholders. Stock sales and purchases, although infrequent, occur routinely. The new Cadence subsidiary expects to employ at least 112 in Rhode Island by January 2011 and plans to expand employment and investment in the state to accommodate future growth.

The company anticipates that employment will increase to 112 full-time employees over the next three years, with about 98 employees initially. It is estimated that the 112 direct full time jobs at Popper Precision Instruments, Inc will result in \$292,824 in income tax revenue to the state over the first three years of operation.

Selecting a Base year of 2008, the company will add 112 full-time jobs by calendar year 2011. These jobs result in annual personal income tax revenue of \$97,608 and payroll of over \$4 million.

Cadence, Inc did not have nexus in Rhode Island and therefore, did not have a Rhode Island corporate tax liability. Popper Precision Instruments, Inc., a subsidiary of Cadence Inc., Inc did not exist prior to January 4, 2008; and therefore, did not have a Rhode Island corporate tax liability. The company is located in several states and has not fully determined what its Rhode Island apportionment percentage will be. Based on its current projections, Popper Precision Instruments, Inc. expects that they will have added enough jobs at or above the 150% state wage requirement to lower their Corporate income tax rate from the statutory 9% to 7% by 2009. With jobs to be added by 2011, the company expects to lower its rate to 6.5%. Additional job growth through 2011 could result in a lower tax liability. Under the act the company has three years to add jobs in order to maximize the rate reduction.

Because Popper Precision Instruments Inc. a subsidiary of Cadence Inc. did not exist prior to January 4, 2008 and because they did not have any Rhode Island Corporate income tax liability **the use of the Job Development Act would be revenue neutral.**

Because the Cadence, Inc. did not have nexus in Rhode Island prior to 2008 and because they did not have any Rhode Island Corporate income tax liability **the use of the Job Development Act would be revenue neutral.**

Annual Income Tax From New Direct Employment	\$97,608
Net annual increase in RI Corporate Income Tax	\$100,000
<b>Total Annual New Revenue by 2011:</b>	<b>\$197,608</b>

## DRAFT October 2008

<b>Cadence, Inc. / Popper Precision Instruments, Inc. Job Growth 2008-2011</b>					
Time Period		Jobs	Average Salary	Total Annual Payroll	RI Annual Income Tax
2008	Direct Jobs	52	\$24,546	\$1,276,370	\$25,480
2008	Direct Jobs	20	\$35,417	\$708,330	\$17,980
2009	Direct Jobs High Wage	9	\$45,525	\$409,722	\$11,826
2009	Direct Jobs High Wage	9	\$55,314	\$497,823	\$11,637
2009	Direct Jobs High Wage	3	\$64,250	\$192,750	\$5,450
2009	Direct Jobs High Wage	3	\$80,000	\$240,000	\$5,974
2009	Direct Jobs High Wage	2	\$108,750	\$217,500	\$7,835
2009	<b>TOTAL Direct Jobs</b>	<b>98</b>	<b>\$36,148</b>	<b>\$3,542,495</b>	<b>\$86,181</b>
2010-11	Direct Jobs	6	\$25,153	\$150,915	\$3,048
2010-11	Direct Jobs	6	\$36,297	\$217,782	\$5,592
2010-11	Direct Jobs High Wage	2	\$56,375	\$112,750	\$2,787
2010-11	<b>TOTAL Direct Jobs</b>	<b>14</b>	<b>\$34,389</b>	<b>\$481,447</b>	<b>\$11,427</b>

Cadence Inc. is an affirmative Action employer and continually seeks to attract minorities. In addition, the company is seeking a larger manufacturing space to accommodate anticipated future growth which will stimulate hiring in the host community.

Cadence, Inc. believes in training employees and provides opportunities for on the job training as well as outside training through seminars and a tuition reimbursement program.

The company provides medical and dental insurance coverage for its employees, a 401 (k), an incentive bonus plan, supplemental insurances including: accident care, cancer care, hospital indemnity reimbursement and life insurance. The company also provides paid time off including vacation time, personal and sick time, holidays, jury duty, and bereavement.