

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 2008-49

No. 485 AN ORDINANCE TO ADOPT THE CITY OF PROVIDENCE PROMENADE CENTER REDEVELOPMENT PROJECT PLAN AND TAX INCREMENT FINANCING PLAN

Approved December 23, 2008

Be it ordained by the City of Providence:

WHEREAS, the City Council of the City of Providence has designated Redevelopment Areas 1, 2, 3 and 4 within the City ("Redevelopment Areas") as redevelopment areas pursuant to chapters 31-33 of title 45 of the Rhode Island General Laws, the Redevelopment Act of 1956 (the "Redevelopment Act"); and

WHEREAS, the Providence Redevelopment Agency is authorized, within a redevelopment area, to purchase, lease, obtain an option upon, acquire by gift, grant, bequest, devise, or otherwise, any real or personal property, or any estate or interest in it, together with any improvements on it; to acquire by the exercise of the power of eminent domain any real property or any estate or interest in it, although temporarily not required to achieve the purposes of the Redevelopment Act; to clear, demolish, or remove any and all buildings, structures, or other improvements from any real property so acquired; to rehabilitate or otherwise improve any or all substandard buildings, structures, or other improvements; to insure or provide for the insurance of any real or personal property or operations of the agency against risk or hazard; and to rent, maintain, rehabilitate, improve, manage, operate, repair, and clear the property; and

WHEREAS, it is the purpose and intent of the City Council to facilitate redevelopment of such Redevelopment Areas to accommodate the City's redevelopment initiatives; and

WHEREAS, pursuant to the Redevelopment Act and chapter 33.2 of title 45 of the Rhode Island General Laws (the "Tax Increment Financing Act") the City desires to raise funds for such redevelopment through the use of tax increment financing; and

WHEREAS, the Tax Increment Financing Act requires as conditions precedent to the use of tax increment financing, that the City Council adopt a redevelopment plan and a project plan, including the designation of a tax increment area and the calculation of the tax increment to be derived from taxes levied on real and personal property situated in or otherwise assignable for purposes of property taxation in the tax increment area; and

WHEREAS, the City Council is required by the Redevelopment Act to make certain findings, determinations and declarations in connection with the adoption of a redevelopment plan and a project plan; and

WHEREAS, the Promenade Center Project Area and Tax Increment Area, as described in the Promenade Center Redevelopment Project Plan and Tax Increment Financing Plan, are within the geographic boundaries of Redevelopment Area 1, as defined in the Providence Code of Ordinances, Chapter 20 "Redevelopment Areas," Section 20-2 and as reaffirmed by the City Council through Resolution 143, approved March 25, 2008; and

WHEREAS, the City Council desires to provide for the redevelopment of the Project Area and tax increment financing in accordance with the Redevelopment Act and the Tax Increment Financing Act; and

WHEREAS, the City Council of the City of Providence hereby makes the following findings, determinations and declarations with regard to the Promenade Center Redevelopment Project Plan and Tax Increment Financing Plan, attached as Exhibit A (hereinafter, the "Plan") required by Sections 45-32-13 - 45-32-18, Section 45-32-20 and Section 45-33.2-4 of the Rhode Island General Laws:

1. The Plan is feasible and conforms to the comprehensive plan for the City of Providence, and if carried out would promote the public health, safety, morals and welfare of the community, and would effectuate the purposes of the Redevelopment Act.
2. The source of funds for carrying out the Plan shall be tax increment financing authorized by this Ordinance.

3. The Plan does result in changes to streets but not utilities as indicated in the Plan.
4. The Plan contains adequate provisions for payment for property acquired by negotiation or by eminent domain as provided by law.
5. The Plan does not provide for financial aid from the federal government (other than low-income housing tax credits and/or new market tax credits).
6. The Plan provides for the retention of controls and the establishment of any restrictions or covenants which may run with the real property sold, leased, or otherwise disposed of for private or public use as are necessary to effectuate the purposes of the Redevelopment Act.
7. The Project Area is an "arrested blighted area" as that term is defined in Section 45-31-8 of the Redevelopment Act.
8. The facilities, programs and other assistance are needed and that the financing of that portion of the project in accordance with the Plan is in the public interest.
9. That there is not within the City an adequate supply of low rent housing for persons or families of low income generally, or for veterans, or for persons who are elderly or disabled, as the case may be, available for rents they can afford to pay, and that the rents which those persons or families can afford to pay would not warrant private enterprise providing housing for them, and that the financing of that portion of the project is in accordance with the Plan is in the public interest.
10. The Project (as hereinafter defined) is located in a "blighted and substandard area" as that term is defined in § 45-31-8(3), and the Project is needed to arrest and reverse blight or decay in the City.
11. The commercial and residential development, rehabilitation and revitalization of the Tax Increment Area are initiatives promoting the development of affordable housing, job creation, and improvement of municipal infrastructure, as described in the Plan (collectively, the "Project") and will advance the purposes of the Redevelopment Act and are in the public interest; and
12. The Project Area, as defined in the Plan, would not by private enterprise alone, and without either governmental subsidy or the exercise of governmental powers, be developed or revitalized in a manner so as to prevent, arrest, or alleviate the spread of blight or decay.
13. The use of tax increment financing pursuant to Chapter 33.2 of Title 45 of the General Laws of Rhode Island (the "Tax Increment Financing Act") to assist in the financing of

the commercial and residential development, rehabilitation and revitalization of the Tax Increment Area, and to assist in the development of affordable housing, job creation and improvement of municipal infrastructure, as described in the Plan, are in the public interest.

14. The Plan will afford maximum opportunity to privately financed development or revitalization consistent with the sound needs of the City as a whole.

15. There are no inhabitants in the area to be affected by the Plan who will require relocation.

16. The PRA may, within the Project Area, purchase, lease, obtain an option upon, acquire by gift, grant, bequest, devise, or otherwise, any real or personal property, or any estate or interest in it, together with any improvements on it. Currently there is no intention to acquire property through the exercise of the power of eminent domain. Therefore there is also currently no intention to relocate any persons or businesses displaced through the exercise of eminent domain. However, if relocation is necessary, it will be accomplished per applicable law. .

17. The conditions, covenants, and other restrictions controlling the disposal and future use of land and buildings in the project area are adequate to create a likelihood that that blight and underdevelopment will be eliminated, reduced, or prevented. Furthermore, they are adequate to insure that the redevelopment project will conform to the zoning ordinance and comprehensive plan.

18. The financing of the Project in accordance with the Plan is in the public interest.

NOW THEREFORE, be it ordained by the City of Providence:

ARTICLE I

Section 1. The City of Providence Promenade Center Redevelopment Project Plan and Tax Increment Financing Plan, attached as Exhibit A, is adopted and approved as a redevelopment project plan of the City of Providence pursuant to chapters 31-33 of title 45 of the Rhode Island General Laws, the Redevelopment Act of 1956 and as a tax increment project plan pursuant to Chapter 33.2 of Title 45 of the Rhode Island General Laws, the Tax Increment Financing Act. The boundaries of the Promenade Center Project Area is described in the Plan as follows:

starting at the corner of Valley Street and Atwells Avenue, east along Atwells Avenue 1,425 feet, northeast 525 feet to Harris Avenue, following Harris Avenue northeasterly along and including P&W railroad, to and along the I-95 Exit 23C (Providence Place) ramp, including

parcels south of Harris Avenue to I-95. North along I-95 to Brownell Street, west to Holden Street, then north on Holden Street to West Park Street. Northwestern along West Park Street to Calverly Street. Southwesterly 130 feet on Calverly Street, then 235 feet northwesterly, then 130 feet northerly to West Park Street, 32 feet westerly along West Park Street, then 120 feet northerly, then 1,130 feet west, parallel to Jewett Street, north 110 feet to Jewett Street, west on Jewett Street to Valley Street. 1,220 feet southwest on Valley Street, 160 feet northerly, 750 feet southwesterly to Wolcott Street. Northerly on Wolcott Street to Prescott Street. Prescott Street southwesterly to Harold Street. Harold Street southerly to Valley Street. Valley Street southerly to Atwells Avenue.

The boundaries of the Tax Increment Area are described in the Plan as follows: starting at the corner of Kinsley Ave. and Eagle St. and proceeding northwest on Eagle St. to Valley Street, turning northeast and following Valley St. to Hemlock St., turning southeast and following Hemlock St. to Promenade St., turning east and following Promenade St. to Acorn St., turning south and following Acorn St. to Kinsley Ave., turning east and following Kinsley Ave. approximately 209 feet to the northeast corner of current Assessor's Plat 27, Lot 5, turning southeast and following the easterly lot line of said Lot 5 to the lot's southeast corner, turning southwest and following the southerly lot line of said Lot 5 to Acorn St., continuing along the southern and western lot lines of current Assessor's Plat 27, Lot 16 to Kinsley Ave., turning west and following Kinsley Avenue to the starting point.

The Project shall be identified as "City of Providence Redevelopment Project Number 28." The Plan is the official redevelopment project plan for the Project Area and the Tax Increment Area. It shall supersede the redevelopment project plan known as "Promenade Center Renewal," although the restrictions placed on property by Promenade Center Renewal shall remain in place.

ARTICLE II


Section 2. The City Council of the City of Providence hereby adopts the Plan based upon its finding that with respect to the projects described in the Plan, the facilities, programs, financing, and other assistance described therein are needed and authorized pursuant to the Redevelopment Act and the Tax Increment Financing Act and the financing of such projects in accordance with the Tax Increment Financing Act and the Plan is in the public interest.

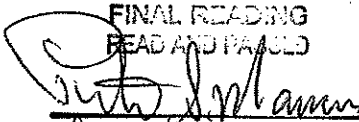
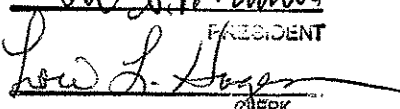
Section 3. The City is hereby authorized to and shall take all action necessary to undertake the projects described in the Plan including, without limitation, the pledge of tax increments for repayment of bonds and other indebtedness, all as authorized pursuant to the Tax Increment Financing Act; provided, however, that no bond or other evidence of indebtedness shall be issued unless (i) the Finance Director determines that adequate arrangements, pledged by the developer of the property within the Tax Increment Financing District, exist through the use of guarantees, pledged collateral, letters of credit, insurance, or otherwise, so that the bond or other indebtedness may be paid in the event incremental taxes are not adequate to do so, (ii) all owners of real property within the tax increment area have agreed to abide by the relocation requirements of Ordinance No. 163, being Chapter 2008-21 of the Ordinances of the City.

Section 4. A hotel use is not permitted in the tax increment area of the Plan. Should any developer propose to develop a hotel or similar use in the tax incremental area of the Plan, the developer shall seek approval from the city council for said use.

Section 5. The City is hereby authorized to, and shall take all actions necessary to, ensure the payment of tax increment directly to a trustee for the benefit of any tax increment revenue bonds, if such bonds are issued pursuant to a trust indenture.

Section 6. This Ordinance shall take effect upon passage.

IN CITY COUNCIL
DEC 15 2008
FIRST READING
READ AND PASSED
 CLERK

IN CITY
COUNCIL
DEC 18 2008
FINAL READING
READ AND PASSED
 PRESIDENT
 ACTING CLERK


APPROVED

12-23-08

Exhibit A

***CITY OF PROVIDENCE PROMENADE
CENTER REDEVELOPMENT
PROJECT PLAN AND TAX
INCREMENT FINANCING PLAN***

*PROVIDENCE REDEVELOPMENT AGENCY
PROVIDENCE, RI*

City of Providence Promenade Center
Redevelopment Project Plan and
Tax Increment Financing Plan

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INTRODUCTION

The purpose of the City of Providence Promenade Center Redevelopment Project Plan and Tax Increment Financing Plan is to designate a redevelopment project area and establish objectives and procedures for its redevelopment. The Plan's objective is to provide the Providence Redevelopment Agency (PRA) with the tools and authority to eliminate conditions of blight by providing needed public improvements, encouraging rehabilitation and repair of deteriorated structures, facilitating land assembly and redevelopment, and providing financing for certain public improvements. Redevelopment will provide revitalization of the area, increased employment opportunities for local citizens and tax base expansion. Because the Promenade Center is dominated by commercial and industrial uses, the intent is to support these job markets by providing opportunities for growth of existing businesses and by attracting new businesses.

This document meets the requirements of Title 45 Section 32-8, "Contents of redevelopment plan." By adopting this Plan, the Providence City Council will promote redevelopment of the area and provide an exemption for the PRA relative to acquired lands in accordance with Title 45 Section 32-40. This document also meets the requirements of Title 45 Chapter 33.2, "Tax Increment Financing."

Definitions

Growth Districts: Areas within the City of Providence identified in *Providence Tomorrow: The Interim Comprehensive Plan* as areas intended for growth, where development and redevelopment would be beneficial. Growth districts are located in close proximity to commercial arterials, older industrial areas or large vacant areas. These areas are intended to become diverse, mixed-use areas with the addition of new residents rather than displacing existing residents.

Project Area: As defined by RIGL § 45-31-8 (11), all or any portion of a redevelopment area. A project area may include lands, buildings, or improvements which of themselves are not detrimental or inimical to the public health, safety, morals, or welfare, but whose inclusion is necessary, with or without change in their conditions or ownership, for the effective redevelopment of the area of which they are a part. Also as defined by RIGL 45-33.2-3 (3).

Redevelopment Area: As defined by RIGL § 45-31-8 (15), any area of a community which its legislative body finds is a blighted and substandard area whose redevelopment is necessary to effectuate the public purposes declared in this chapter.

Tax Increment Area: As defined by RIGL § 45-33.2-3 (7), a tax increment area designated in a project plan adopted pursuant to § 45-33.2-4. The tax increment area may consist of one or more parcels or lots of land, whether or not contiguous, on one or more buildings or structures, whether or not adjacent, or on one or more parcels of land; provided, that upon adoption of the project plan the aggregate taxable valuation of the property within all tax increment areas within the city or town does not exceed twenty-five percent (25%) of the taxable valuation of all property subject to taxation within the

city or town.

Redevelopment Plan: A legal document prepared pursuant to Rhode Island General Laws Title 45 Chapter 45-32 and adopted by the Mayor and Council following notice and public hearings, setting forth goals, concepts, standards, terms and conditions for the redevelopment of a specified blighted land area.

Arrested Blighted Area: any area which, by means of the existence of physical conditions, including, but not by way of limitation, the existence of unsuitable soil conditions, the existence of dumping or other insanitary or unsafe conditions, the existence of ledge or rock, the necessity of unduly expensive excavation, fill or grading, or the necessity of undertaking unduly expensive measures for the drainage of an area or the prevention of flooding or for making the area appropriate for sound development, or by reason of obsolete, inappropriate, or otherwise faulty platting or subdivision, deterioration of site improvements, inadequacy of utilities, diversity of ownership of plots or tax delinquencies, or by reason of any combination of any of the foregoing conditions, is unduly costly to develop soundly through the ordinary operations of private enterprise and impairs the sound growth of the community. (RI GL Title 45 Section 31-8)

Blighted and Substandard Area: includes “slum blighted area,” a “deteriorated blighted area,” or an “arrested blighted area,” or any combination of these areas. Blighted and substandard area shall also include those areas where the presence of hazardous materials, as defined in Section 23-19.14-2, impairs the use, reuse, or redevelopment of impacted sites. (RI GL Title 45 Section 31-8)

Deteriorated Blighted Area: any area in which there exist buildings or improvements, either used or intended to be used for living, commercial, industrial, or other purposes, or any combination of these uses, which by reason of:

- Dilapidation, deterioration, age or obsolescence
- Inadequate provision for ventilation, light, sanitation, open spaces, and recreation facilities
- High density of population or overcrowding
- Defective design or unsanitary or unsafe character or conditions of physical construction
- Defective or inadequate street and lot layout
- Mixed character, shifting, or deterioration of uses to which they are put, or any combination of these factors and characteristics, are conducive to the further deterioration and decline of the area to the point where it may become a slum blighted area as defined, and are detrimental to the public health, safety, morals and welfare of the inhabitants of the community and the state generally. A deteriorated blighted area need not be restricted to, or consist entirely of, lands, buildings or improvements which of themselves are detrimental or inimical to the public health, safety, morals, or welfare, but may consist of an area in which these conditions exist and injuriously affect the entire area. (RI GL Title 45 Section 31-8)

PROJECT AREA DESCRIPTION

Location and Boundaries

Location

The Promenade Center Project Area ("Promenade Center"), shown in Figure 1, consists of approximately 176 acres of industrial and commercial property located along the Woonasquatucket River between Route I-95 and Atwells Avenue in the City of Providence Rhode Island.

Boundaries

The boundaries for Promenade Center are:

starting at the corner of Valley Street and Atwells Avenue, east along Atwells Avenue 1,425 feet, northeast 525 feet to Harris Avenue, following Harris Avenue northeasterly along and including P&W railroad, to and along the I-95 Exit 23C (Providence Place) ramp, including parcels south of Harris Avenue to I-95. North along I-95 to Brownell Street, west to Holden Street, then north on Holden Street to West Park Street. Northwesternly along West Park Street to Calverly Street. Southwesterly 130 feet on Calverly Street, then 235 feet northwesterly, then 130 feet northerly to West Park Street, 32 feet westerly along West Park Street, then 120 feet northerly, then 1,130 feet west, parallel to Jewett Street, north 110 feet to Jewett Street, west on Jewett Street to Valley Street. 1,220 feet southwest on Valley Street, 160 feet northerly, 750 feet southwesterly to Wolcott Street. Northerly on Wolcott Street to Prescott Street. Prescott Street southwesterly to Harold Street. Harold Street southerly to Valley Street. Valley Street southerly to Atwells Avenue.

Promenade Center is located in Redevelopment Area 1, as defined in the Providence Code of Ordinances, Chapter 20 "Redevelopment Areas," Section 20-2, and reaffirmed by the City Council through Resolution 143, approved March 25, 2008. These boundaries of the Promenade Center Redevelopment Project Plan and Tax Increment Financing Plan establish the project plan and project area as well as the tax increment area, as defined in RI GL Title 45 Section 33.2-3. In these designations, adopting the Plan gives the PRA authority to implement projects described under RI State GL Title 45 Sections 32-5 and 33.2-5.

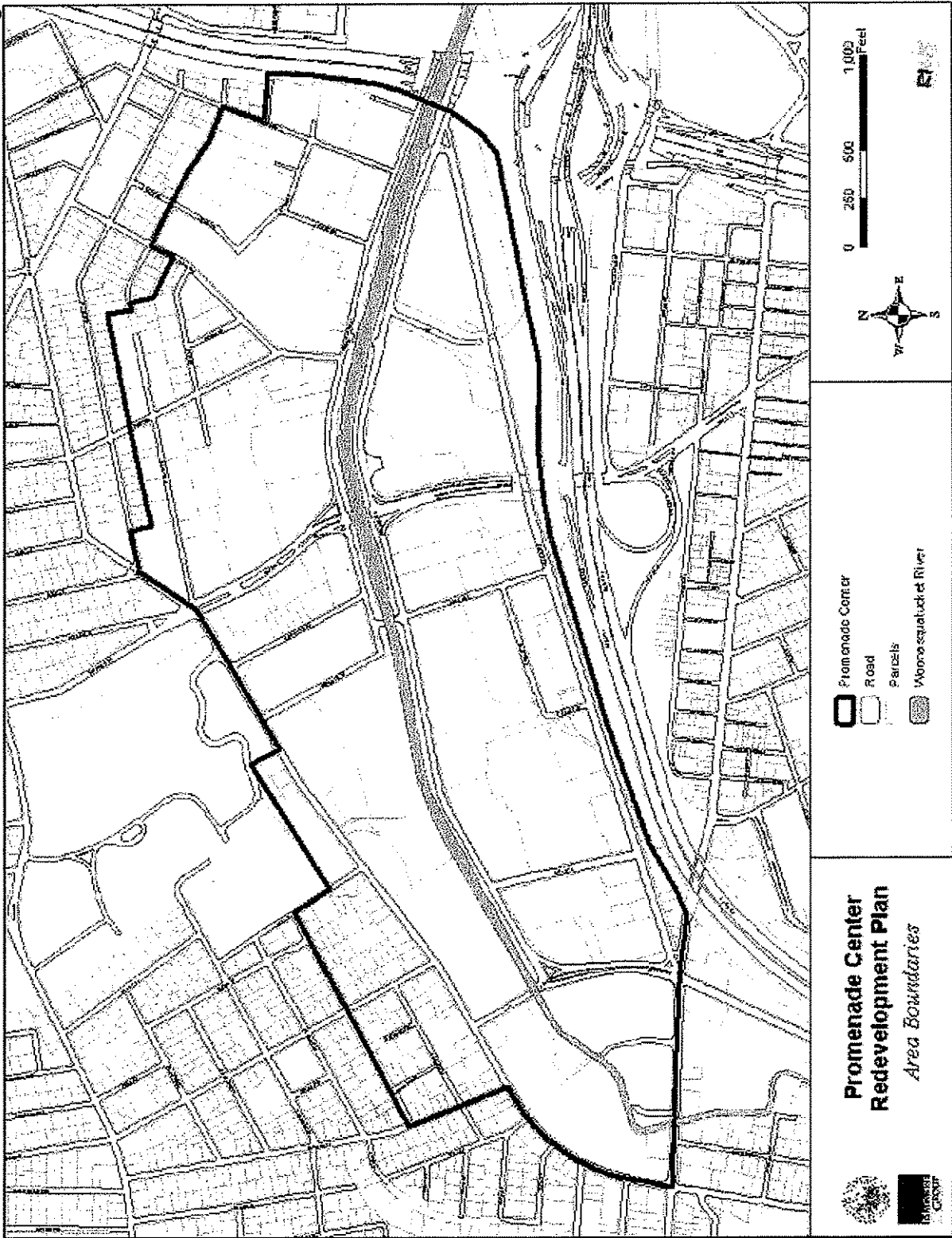


Figure 1. Area Boundaries

Existing Conditions

Land Uses

Industrial uses have predominated in the area since the mid 1800s, but recent redevelopment has been characterized by conversion of moribund industrial structures to commercial uses, including both office and retail uses as well as to residential uses.

Many of the area's industries and buildings date from the 1860s when the industrial revolution reshaped the face of northeastern cities in the U.S. Manufacturing giants like Brown and Sharpe, Congdon and Carpenter, Nicholson File Company and the American Locomotive Works once had their headquarters and manufacturing facilities in the area.

Gradual declines in manufacturing from the 1960s to the 1980s, along with outsourcing of manufacturing jobs from the U.S. to other countries led to a continuous decline in manufacturing employment during this period in the Promenade Center area. Eventually, this led to large amounts of underutilized and vacant space in the large industrial complexes of the area. Over time, high vacancy rates and deferred maintenance of buildings led to arrested development and blight. More recently, the area has become the focus of redevelopment efforts. Major projects in the area have attempted to replace moribund industrial space with commercial, retail, office and residential uses. Projects such as Eagle Square, near the intersection of Atwells Avenue and Eagle Street, and the American Locomotive Company (ALCO) project on Valley Street have removed some industrial buildings and renovated others, bringing new life to the area. However, there are still many large industrial buildings that remain underutilized or that are occupied by marginal uses that detract from revitalization efforts and contribute to blight within the area.

Buildings and Physical Conditions

The Project Area is densely developed and many of the former industrial complexes contain large amounts of floor space in multi-story buildings with multiple connected structures and sometimes with unmatched floor elevations. Much of the available space is therefore in a configuration that is not considered ideal for redevelopment. For example, multi-story structures with small windows and large floor areas with multiple supporting columns are not considered appropriate by modern retailers. Many retailers currently favor single story, single purpose structures with large front display windows and vast open spaces unbroken by columns. Similarly, many modern industrial processes depend on automation or rely on fork lift operations that can be impeded by low ceilings and frequent column spacing common in older industrial structures.

The exteriors of all of the buildings within the Promenade Center area were visually inspected as part of the preparation of this redevelopment plan. Most are intact and in generally good condition. Some show external signs of neglect and deterioration, particularly broken windows, extensive graffiti, and similar cosmetic problems. A few, such as the former public works building at the intersection of Okie and Arline Streets, now abandoned and derelict; and the dilapidated wooden factory building at 263 Harris Avenue, show signs of serious deterioration and/or dilapidation.

Demographics

Being primarily industrial, the Redevelopment Area is sparsely populated, although it is surrounded by two relatively low income residential neighborhoods: Valley and Smith Hill. The Valley Neighborhood encompasses the western end of the Promenade Center, to Dean Street/Pleasant Valley Parkway and Acorn Street, and includes the residential area north of Valley Street to Chalkstone Avenue and west to Academy Avenue. According to Providence Plan¹, the residents of Valley are predominantly Hispanic (42%), with nearly one third non-Hispanic White and 13% non-Hispanic Black or African American. A majority of the households are families (68%), which are married couples or single parents with children under the age of 18. Most of the housing units (75% of the total households) in the neighborhood are rented. The median household income is about \$25,000 a year. Nearly one quarter of the families in Valley were below the poverty level in 1999.

The Smith Hill Neighborhood contains the eastern area of the district, from Dean Street/Pleasant Valley Parkway and Acorn Street to I-95. Smith Hill continues north to Douglas Avenue, along Route 146 and south to Smith Street. The Providence Plan reports that Smith Hill is nearly one third Hispanic, one third non-Hispanic White and 13% non-Hispanic Black or African American. A majority of the households are families (61%). Like Valley, a large majority of the housing units are rented (80%). The median household income was about \$21,000 and one third of the families in 1999 were below the poverty level.

Since the 2000 Census, new housing has been built in the Promenade Center. These units include 230 units in the Foundry complex and 325 at the 903 Residences, which includes condos that are both rented and owner-occupied. New housing units are also proposed as part of the American Locomotive Works Project on Valley Street.

Zoning and Regulatory Oversight

Zoning

Zoning in the Promenade Center is shown in Figure 2. Zoning is predominantly M-1, General Industrial. Areas to the north and south are predominantly R-3 and RG residential zones with some C-4, Heavy Commercial zoning along Valley Street and Atwells Avenue.

Many of the manufacturing structures within the Redevelopment District are listed as part of the Industrial and Commercial Buildings District (ICBD), the City's non-contiguous historic district of mid-nineteenth and twentieth century industrial and commercial buildings. Therefore, the Historic District Commission (HDC) will be required to review redevelopment projects and grant approval of demolition and major alterations to these structures, if applicable.

¹ 2000 Census data compiled by Providence Plan, as released by the US Census Bureau.

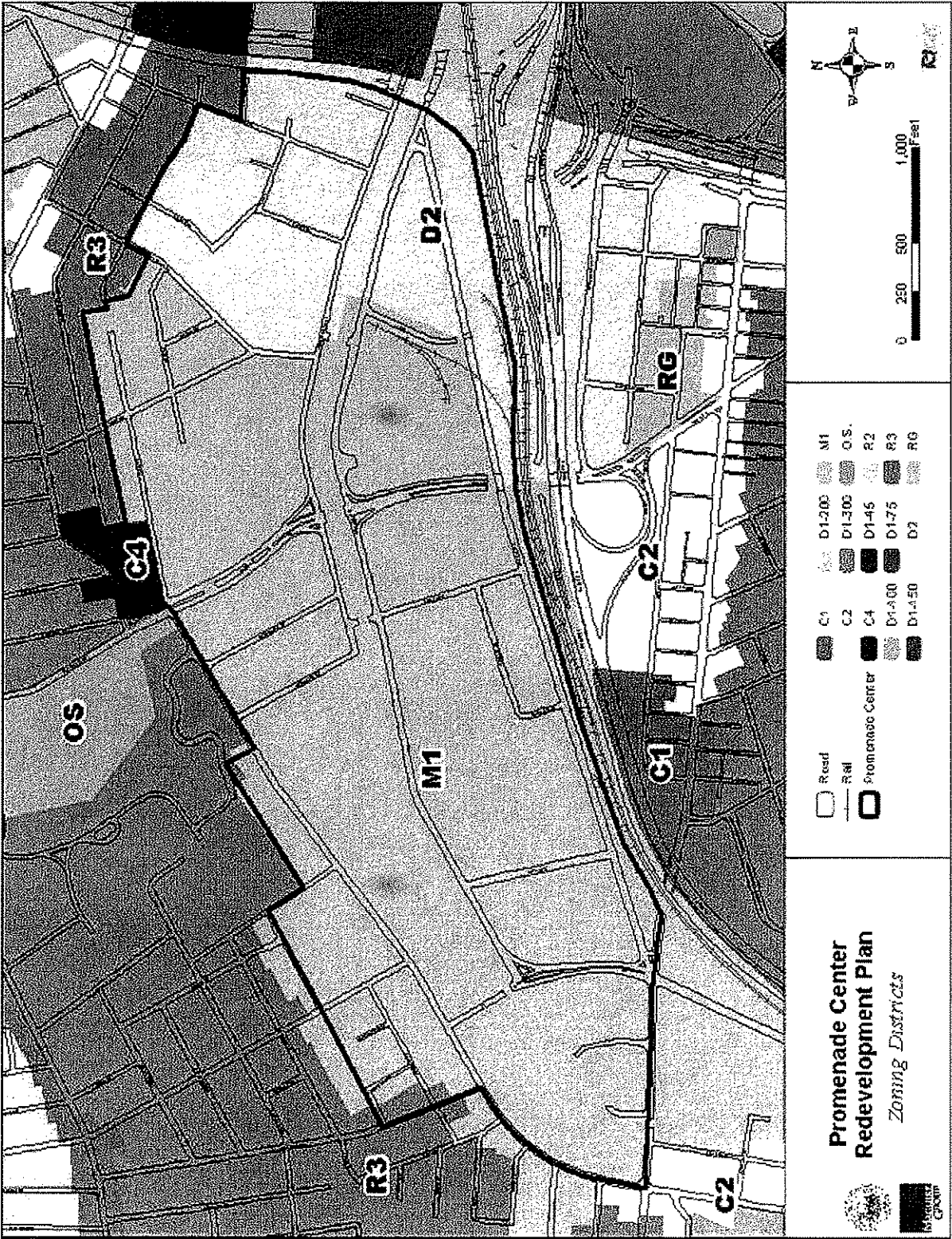


Figure 2. Zoning Districts

Regulatory Oversight

In addition to City authority, much of Promenade Center is located within the jurisdiction of the Rhode Island Coastal Resources Management Council (CRMC). According to Rhode Island laws and regulations, CRMC has jurisdiction over all areas located within 200 feet of the edge of a coastal feature. Since the Woonasquatucket River is tidal within the Promenade Center, the top of the riverbank (where the river has banks) and/or the top of the river wall (where the river is contained by walls), is considered the limit of the coastal feature. Therefore CRMC has jurisdiction within 200' of the top of the river wall and/or riverbank.

The Rhode Island Department of Environmental Management RIDEM also has regulatory jurisdiction within the area. The RIDEM Division of Waste Management has jurisdiction over contaminated properties and properties where there are Environmental Land Use Restrictions (ELURs) in place. The Division of Water Resources has jurisdiction over alterations to the storm drainage and sewer systems that may have the potential to affect water quality.

While the City owns and maintains the sewage collection system, the interceptor sewers that carry wastewater from the collection system to the Providence Wastewater Treatment Facility are owned and operated by the Narragansett Bay Commission. The Bay Commission regulates connections to the sewer system and is responsible for monitoring and maintenance of the combined sewer overflows.

Blighted and Substandard Areas

Redevelopment in the Promenade Center area is also impeded by a number of other physical factors that cause the area to meet the definition of blight. These include contaminated properties, the combined sewer system, location in the floodplain, deteriorated and non-functional roads, small lot sizes, and a general lack of available parking. These problems are further complicated by deferred maintenance and the graffiti and vandalism that often accompany under utilization of properties. These conditions have impacts on the social, economic and environmental vitality of the area by limiting investment and growth. The following briefly describes each of these factors in more detail as they apply to the Promenade Center area.

Contaminated Sites

The historic and current uses of properties within the Redevelopment Area indicate the presence of hazardous materials and the area contains properties with confirmed and potential contamination. An environmental records search was conducted using environmental databases documenting past releases of oil or hazardous materials within the Redevelopment Area. Specifically, the following federal databases were reviewed: US Environmental Protection Agency (USEPA) National Priorities List (NPL), USEPA Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS), USEPA Resource Conservation Recovery Information System (RCRIS), and Emergency Response Notification System (ERNS). Additionally, information contained in the Spills and Sites Databases and available general files from the Rhode Island Department of Environmental Management (RIDEM) were also included within the environmental database search.

Figure 3 shows the results of this research. It identifies state and Federal brownfields, sites with underground storage tanks (USTs), sites that had reported leaking USTs (LUSTs), sites with reported spills, sites that are listed on ERNS, and sites that produce hazardous materials or use hazardous materials in their activities (RCRA generators).

While this list is not all inclusive, it provides a basis to identify properties that have known contamination and predict others that have the potential to be contaminated. Those identified with "confirmed contamination" are state and federal brownfield sites that are either active or inactive, sites where spills have been reported, and LUSTs with no known remediation. "Potentially contaminated" sites are those that have LUSTs at which only soil removal was conducted (ie no groundwater investigations were done), USTs that were abandoned, assuming no permanent closure procedures were followed, and properties located between those with confirmed or potential contamination and the river, where contaminated groundwater flowing toward the river is likely to have transported contaminants. Sites shown as having "no evidence of contamination" are those for which no listing was found within the databases searched.

Combined Sewers

Redevelopment in the Promenade Center area is impeded by the combined sewer system. Combined sewers convey both storm water and sewage in the same pipes. During rainfall events the storm water exceeds the capacity of the sewers and causes them to overflow into the Woonasquatucket River and floods roadways and properties.

In the Promenade Center area, the combined sewers impede development in two ways. First, they adversely affect water quality. This detracts from the aesthetics of the river, reduces the potential uses to which the river may be put and converts the assets of the river into a liability.

Second, the combined sewer overflows increase the cost of development. Development costs are higher in combined sewer areas because the Narragansett Bay Commission, which owns and operates the sewer interceptors, prohibits all storm water connections to combined sewers. Therefore new development and re-development in combined areas requires the installation of new separate storm sewer systems, including storm water detention, retention and/or treatment systems, to meet water quality guidelines at the expense of the developer. In separate storm sewer areas, developers need simply install drainage appurtenances and connect them to the City owned and operated storm sewer system. In the Promenade Center area, because of the combined sewer system, developers need to install more expensive storm water infiltration, storm water treatment, and/or separate storm drainage systems.

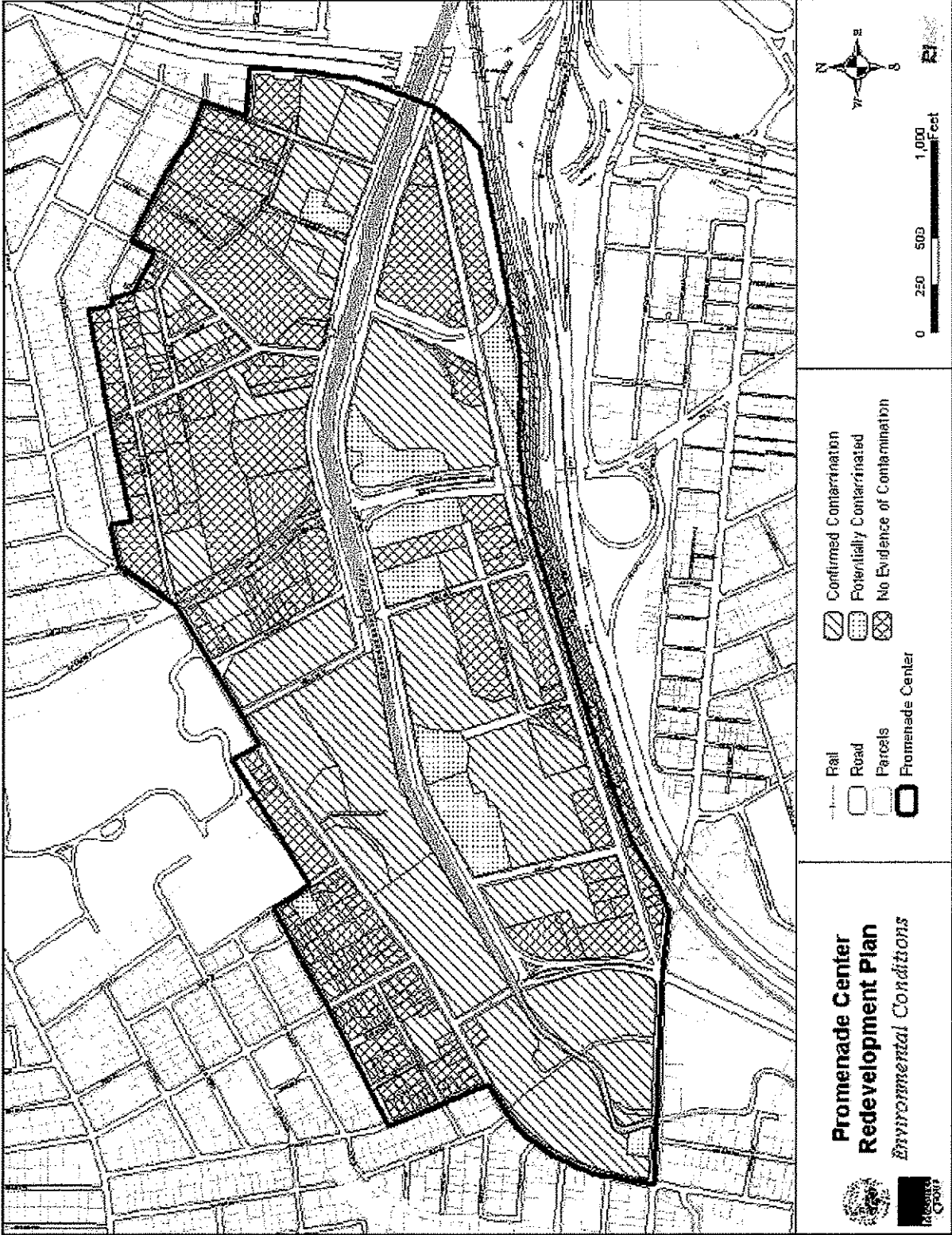


Figure 3. Environmental Conditions

Floodplain

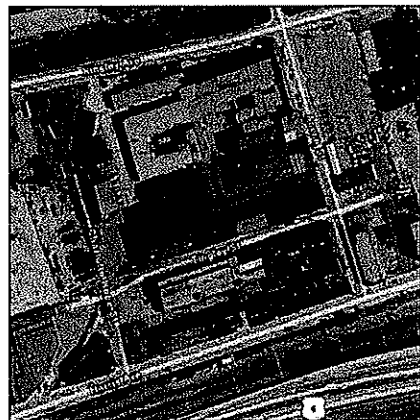
Redevelopment in the Promenade Center area is also impeded by the presence of floodplain (Figure 4). Federal, State and local regulations require that the lowest occupied floor in a development be located above the 100 year flood elevation. Because structures in the Promenade Center area pre-date these regulations, many of them are constructed with the first floor below the flood elevation. The first floor of these existing buildings is subject to flooding, increasing the likelihood of flood related damages, reducing the potential reuse opportunities, and making it difficult or impossible to obtain flood insurance coverage. Raising the first floor above the flood elevation can be a complicated process for existing buildings and may depend on existing floor elevation, window and door sill heights and available ceiling height. Changing first floor elevations may also require access adjustments to ensure access for the handicapped and to ensure compliance with the requirements of the Americans with Disabilities Act (ADA), increasing the costs of redevelopment when compared to structures that are not located in floodplain.

Roadway System

There are four general types of roadway conditions in the Promenade Center area that detract from redevelopment efforts. These include: roadway deterioration, discontinuous roads, excessive roadway width, and non-functional intersections. Deteriorated roads occur throughout the Promenade Center area. Uneven, patched or broken pavement, clogged and inoperative catch basins, broken or settled curbing, damaged street lighting, and non-ADA compliant sidewalks are endemic within the area. These all detract from redevelopment efforts within the area.

Other roads are discontinuous or are laid out in a pattern that is not suited to redevelopment purposes. Tingley Street and Charlotte Hope Street, for example, are very narrow and, as platted, include segments that dead-end and/or do not provide through access in potential redevelopment areas.

Other roads, in particular Harris Avenue, are platted with excessive roadway width that is no longer suited to the category of roadway use. Before the construction of Providence Place Mall, Harris Avenue connected directly to the downtown via Kinsley and Promenade Streets. Harris, Kinsley and Promenade served as principal connectors between Olneyville, Manton, Mount Pleasant and the Downtown area. With the construction of the mall, this connection to downtown was severed, making Harris Avenue no longer the thoroughfare that it once was. The Harris Avenue right-of-way now exceeds requirements for the substantially reduced volume of traffic utilizing the roadway. Space that is presently occupied by this excessive roadway could be better used to enhance redevelopment options, especially through the provision of on-street parking.



Charlotte Hope Street and Tingley Street are examples of discontinuous road linkages.

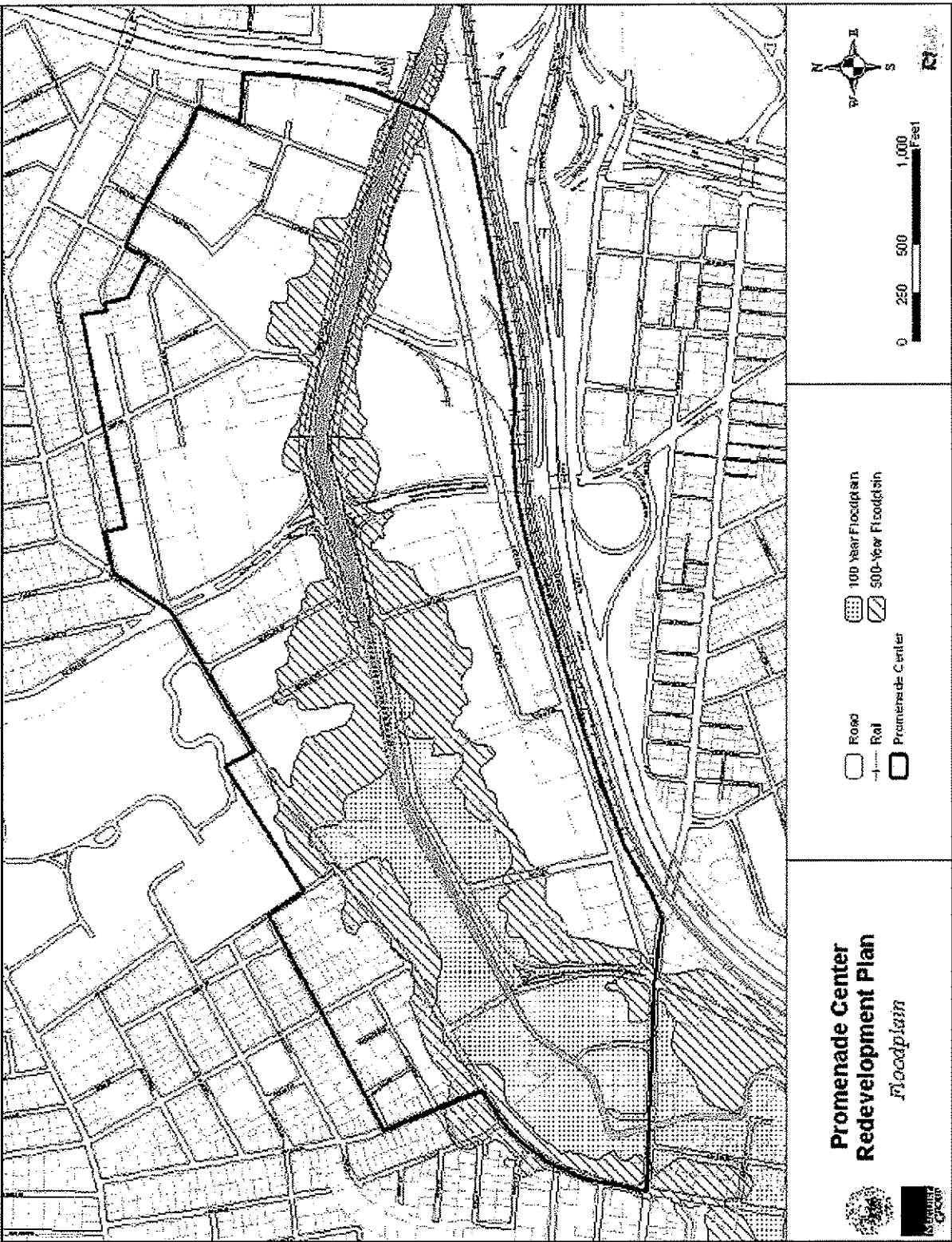
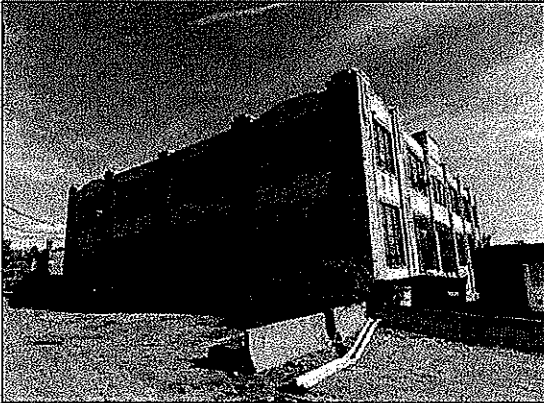


Figure 4. Floodplain

Finally, there are several intersections within the project area that are not functioning adequately. The intersection of Atwells Avenue, Eagle Street and Harris Avenue is one such example. The traffic pattern at this intersection is confusing to motorists and the layout of travel lanes, turning lanes and traffic islands encourages unsafe "short-cut" turning movements. Other "problem" intersections include Eagle Street at Kinsley Avenue; Valley Street at Pleasant Valley Parkway, Raymond Street and West Park Street; and Harris Avenue at Providence Place.



An example of a neglected and badly deteriorated building on Okie Street.

Buildings

As noted above, there are buildings in Promenade Center that show signs of neglect and vandalism. Because many of the structures are large commercial and industrial buildings, their impact is significant. The structural integrity of the boarded up and vandalized buildings is unknown, as ownership is by private parties. Left as they are, they create dangerous environments, where it is possible for people to occupy them unlawfully and potentially put themselves in harms way. These structures also pose a danger for those using other buildings in their vicinity. Although the Promenade Area is a commercial and industrial area, the buildings are constructed in a dense urban pattern and it could jeopardize neighboring properties if the structural integrity of these deteriorated buildings is compromised due to neglect. Large buildings on Harris Avenue meet this description. At least one building, the former produce warehouse at the intersection of Harris Avenue and Providence Place, deteriorated to the point where it was declared unsafe and was demolished.

Small Lot Sizes

Most of the lots in the Promenade Center area were platted when the area was first developed in the 1800s. As a result, many of the lots are too small to support current redevelopment. Small lot sizes impede development throughout the Promenade Center area, but are particularly prevalent along the north side of Valley Street as well as north of Promenade Street and east of Pleasant Valley Parkway. The prevalence of small lot sizes in these areas is an artifact of previous development to residential, and/or to small commercial and industrial uses for which there is no longer a demand within the area. Small lot sizes detract from redevelopment areas by making it necessary for developers to purchase and consolidate properties from numerous property owners in order to develop at a scale appropriate to the zoning and land use designations now applicable within the district.

Lack of Parking

Most of the original development in Promenade Center occurred before the advent of the personal automobile. Because this development took place at a time when most workers commuted to their jobs on-foot or via municipal trolley systems, these

developments did not include parking. The combination of very closely spaced buildings with discontinuous street systems and very small lot sizes has resulted in an acute shortage of parking as compared with present parking requirements in the City's zoning and subdivision codes. This lack of parking impedes redevelopment efforts by making it impractical for developers to comply with City parking requirements without purchasing excess land, tearing down historical structures and/or resorting to construction of expensive parking structures.

Vandalism and Graffiti

Vandalism and graffiti are persistent problems in Promenade Center that are often cited by local property owners as factors detracting from redevelopment efforts in the area. Even well maintained and actively used structures in the area are routinely damaged by vandals or marked with "tags" of spray paint indicative of personal identification marks and sometimes territorial markings by youth gangs. Deteriorated building structures, retaining walls, highway structures, signs and billboards offer open invitations to graffiti "artists". As noted above, at least one building in the area, the former Produce Warehouse on Harris Avenue was completely inundated by graffiti and was so heavily damaged by vandals and vagrants that it was declared unsafe and had to be demolished. City action is necessary to control vagrancy and vandalism within Promenade Center to prevent recurrence of this problem with other properties in the area.

REDEVELOPMENT PLAN

The intent of the redevelopment plan is to provide the PRA with the tools and authority to create economic development and employment opportunities, rehabilitate deteriorated properties, visually enhance the area, provide needed infrastructure to support redevelopment, and encourage excellence in design and construction techniques, all in a way that is in conformance with *Providence Tomorrow*, the City's interim comprehensive plan.

Active Redevelopment Initiatives

Redevelopment initiatives are already happening within the area. The Providence City Plan Commission has approved projects within the Project Area, which are currently at various planning and development stages. In addition, existing businesses and uses are anticipating growth and expansion their operations. Furthermore, there are public improvement projects initiated by both the City of Providence and the State of Rhode Island to improve infrastructure. These projects and efforts are shown on Figure 4 and are incorporated into the redevelopment plan.

American Locomotive Works (ALCO) and Nicholson File

ALCO and Nicholson File are projects being developed by Struever Bros., Eccles & Rouse (SBER). ALCO is a mixed use development that contains commercial, residential and public spaces. It is located north of the Woonasquatucket River along Valley Street from Eagle Street to Hemlock Street. Nicholson File is south of the river at the corner of Acorn Street and Kinsley Avenue and will also be a mix of commercial and residential spaces. Both projects will redevelop sites classified as brownfields and reuse existing historic manufacturing structures that characterize the Project Area. The projects propose mixed income housing, providing mid-market and affordable housing that would accommodate households earning between 80 and 120 percent of the area median income of the Providence-New Bedford metropolitan area. Another component of the projects is to apply environmentally sustainable approaches to the development. This will include participating in the LEED for Neighborhood Development program, which integrates smart growth and green building principles into the site design; increasing green space and public access, particularly to and along the Woonasquatucket River; and applying best management practices for storm water management and habitat restoration along the river. Development north of the Woonasquatucket River has begun and several buildings have been restored. Development on the Nicholson File property is still under Preliminary Plan review by the City at the time of this plan's development.

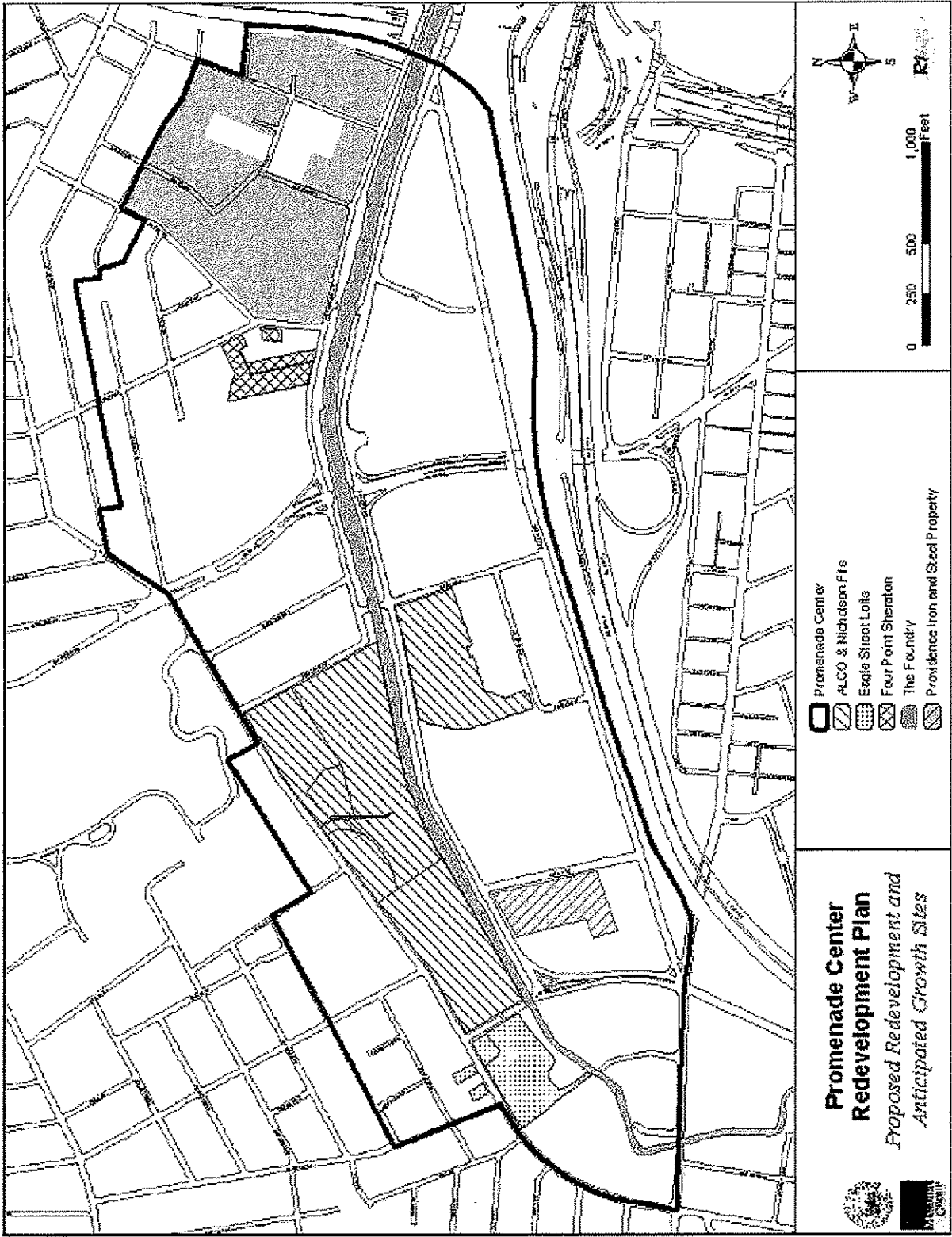


Figure 5. Proposed Redevelopment and Anticipated Growth Sites

Four Points Sheraton

At 395 Promenade Street, near the corner of Promenade and Calverly Streets, a Four Points Sheraton has been proposed and has received preliminary plan approval by the City Plan Commission. The new hotel development will encompass four lots and will reuse the existing historic structure on the street, maintaining the historic frontage of the site. Partial demolition of the rear of the building will accommodate a proposed six-story structure, which will contain about 160 guest rooms, and parking. The Historic District Commission has granted approval.

Eagle Street Lofts

At the former US Rubber Company site, 150 residential units are proposed and received approval of its Preliminary Plan by the City Plan Commission. The existing three buildings will be reused and both surface and structure parking are proposed.

Historic Providence Steel and Iron Site

The historic Providence Steel and Iron industrial site is located on Sims Avenue at Kinsley Avenue. The three acres has been subdivided and occupied by the Steel Yard (two acres) and Millhaus (one acre). The Steel Yard is a program of the Woonasquatucket Valley Community Build, founded by local artists to sponsor and support innovative approaches to urban revitalizations, arts promotion, workforce development and community growth. According to their website, the facility hosts classes and projects in welding, blacksmithing, ceramics and foundry arts; provides studio and exhibitor space and offers programs supporting arts education, business and arts initiatives incubation, workforce development and community growth. The facility will be expanding to include an additional 6,000 to 7,000 square feet of additional studio space for rental and an outdoor green space for public use.

The neighboring parcel occupies the remaining one acre of the Providence Steel and Iron site. The building on this portion of the parcel is being redeveloped to produce 15,000 square feet of commercial and industrial space, to be divided into 10 units, and a restaurant. Environmental cleanup is being performed on the site and the project is expected to be complete in April of 2009. Currently the development is under review.

The Foundry

The Foundry site consists of 13 existing industrial buildings, 12 of which have all been renovated for reuse and the last nearly complete. The 12 buildings are occupied by approximately 60 companies, organizations and state agencies, which employ 2,000 people, and 230 multi-family units. The last building offers 180,000 square feet of available space. It is anticipated that it will be at least 50 percent office use, perhaps attracting the hospitality industry to occupy the space, according to the site manager. There have been no proposals to The Foundry for such uses at this time.

While there are no future plans to continue development of the Foundry site by the property owners, the western side of the property is underutilized, containing single-story buildings and mostly used for surface parking. Redevelopment of this portion of the site would most likely be vertical, according to the site manager. There is also a vacant parcel (1.1 acres) that will be developed in the future; however, no specific future

plans have yet been identified for this parcel.

Land Uses

Future land uses should conform to *Providence Tomorrow*, the City's interim comprehensive plan. *Providence Tomorrow* describes the majority of the Promenade Area as business mixed use. Business mixed use areas are defined as areas intended to support business growth, including industrial, commercial and office uses. Medium to high density residential uses in former manufacturing areas and historic mill buildings are allowed; however a mix of businesses is the primary intent of the area. The eastern portion of the Promenade district that abuts I-95 is identified as downtown/mixed use. Downtown/mixed use is designated to accommodate appropriate expansion of the downtown area, with a mix of compatible uses that promote commercial and other business activity at street level and residential and office/commercial uses on the upper floors.

The middle of Promenade Center, which extends south of the Woonasquatucket River from Sims Avenue east to I-95 off ramp and north of the river from Hemlock Street east to Calverly Street is considered a Job District. Jobs districts are intended for industrial, manufacturing, commercial and office uses to support job growth and expansion. Residential uses are not permitted in this district.

Redevelopment projects should focus on job development or supporting new businesses in Promenade Center. Residential areas should remain on the periphery of the district, adjacent to existing neighborhoods in areas designated for these uses by the future land use map of *Providence Tomorrow*. The heaviest industrial uses should be concentrated in the heart of the Jobs District of Promenade: Eagle Street to Dean Street between Kinsley and Harris Avenues. These types of uses should lessen in intensity as they move outward toward new residential areas and existing neighborhoods.

Growth of Existing Businesses and Conflicting Uses

CAPCO Steel is located on the southern portion of the Nicholson File property at Acorn Street and Kinsley Avenue, where SBER proposes a mix of commercial, offices and residences under Preliminary Plan Review by the City. CAPCO fabricates and erects structural steels for a wide variety of development projects. They require large expanses of land to lay out the steel structures, which is done on the leased proportion of the Nicholson File property and on the other side of Acorn Street. CAPCO has between 200 and 300 employees and expect to add another 100 over the next year. Because of the type of work CAPCO is involved with, there is a potential conflict of uses with the Nicholson File project, particularly with the residential units. In an effort to reduce the impact, SBER has moved the residences to abut Kinsley Avenue, the furthest point on the property from CAPCO's operations, and reduce the number of units. Noise mitigation is also proposed.

Within the same block on Kinsley Avenue, between Sims Avenue and Acorn Street, are Fry Metals, Eagle Tool, Unicore Ceramics, and Oster Pewter, among others, which abut the Nicholson File property to the west and is separated by Charlotte Hope Way. All of these businesses can be classified as heavy industry and would like to expand their businesses where they are currently located. There is also a concern

regarding a conflict of uses between noise and other noxious effects of these industries and the proposed residential units at the Nicholson File property.

Reconciling the differences between CAPCO and the other existing businesses and the approved mixed-use development on the Nicholson File property can be further mitigated through the PRA and the Redevelopment Plan. Recommended actions include:

- Reconfigure, extend or partially abandon Charlotte Hope Way and Tingley Street between the new development and industries to the west
- Acquire property within the block to support mitigation efforts.

Densities

Because Promenade Center is part of the ICBD, many of the existing industrial buildings will be reviewed for their reuse or rehabilitation. New buildings should be consistent with the massing and grouping of structures on the redevelopment parcel as well as those on neighboring sites. This will result in higher density development conducive to job growth.

Parking

Redevelopment of the area will call for projects meeting prescribed parking requirements. Currently, general services and wholesale and retail trade must provide one space for every 500 square feet of gross floor area. These uses include finance, insurance and real estate; personal and business services; professional services; contract construction services; and warehouse and storage businesses. Eating establishments require one parking space per four seats or people accommodated, whichever is greater. At these ratios, parking requirements will occupy a large portion of a site, particularly for larger, higher density development projects. For the Promenade Center, each project should be reviewed for application of innovative parking management strategies, such as the construction of public parking lots or structures, reduction of single-occupancy vehicles by large employers through ride sharing incentives, shared parking, increases in the amount of on-street parking, or strategies that increase public transit service in the area and transit use. A combination of alternatives can ease parking demand and become more cost effective for the developer and the city.

Specific actions that can be taken to reduce the need for on-site parking for developers is to support the construction of a new structure associated with the Nicholson File project at Acorn Street. Exploring opportunities to build a garage that can be used by larger tenants in its vicinity will help alleviate the parking requirements for new projects in the area, opening more land for development. Second, improvements should be made to Harris Avenue to accommodate on-street parking more efficiently. This parking could also be considered in the parking requirement equation.

Roadway System

The road network throughout Promenade Center imposes challenges to circulation and assembly of parcels for development. Currently, improvements are being designed for the intersection of Eagle Street and Harris and Atwells Avenues as part of Rhode Island Department of Transportation (RIDOT) 1R Improvements to Atwells Avenue Project. The purposes of the improvements are to reduce turning movements and

increase efficiency through the interchange. To accomplish this, it is proposed that traffic westbound on Atwells to the intersection not be permitted to make a left onto Harris Avenue. Harris Avenue would be one-way out of the intersection, eastbound then would become two-way at Sims Avenue.

Additional improvements to the roadway system should include the abandonment or reconfiguring of roadways for the assembly of parcels. As stated previously, these include Charlotte Hope Way and Tingley Street. These streets are not used by the public in general, but are used to access uses within the properties surrounding them. One alternative would be to consider the abandonment of inefficient and discontinuous streets, such as Charlotte Hope Way and Tingley Street, to provide larger development parcels and to make space for redevelopment and parking. A second alternative would be to extend Charlotte Hope Way through the block, from Harris Avenue to Kinsley Avenue, which could act as a potential buffer between proposed residential uses at the north part of the Nicholson File property and the abutting heavy industrial uses to the west.

Transportation Options

If Promenade Center is going to be a focus area for job growth in the city, the area needs better access to transit and other modes of transportation. Increasing the concentrations of jobs in the area will increase traffic congestion and adversely affect air quality if appropriate measures are not in place to reduce the need to get to the area by car. Redevelopment actions should target increasing RIPTA service and the necessary infrastructure to support its expansion into Promenade Center. Expansion of walking and biking routes to and through Promenade Center will be supported.

Utility Improvements

Most of the area is served by a combined stormwater and sewer system. The system is currently stressed and many properties experience flooding during storm events. The Narragansett Bay Commission (NBC) combined sewer overflow project is working to alleviate the stresses this type of system currently withstands, which also offers better opportunities for developers to manage stormwater off of their sites. The NBC will require another drop into the system in the Promenade Center area. The location of this new drop shaft will be at one of the three locations:

- A site at Acorn Street and Kinsley Avenue
- The parking lot of the Providence Journal on Kinsley Avenue
- Govern Dyers market on Rathbone Street

The drop shaft will connect to the existing NBC site on Calverly Street. This connection will be underground. The PRA should support NBC's efforts to correct combined sewer overflows in the project area by assisting with site selection, site acquisition and construction easements, with a focus on alleviating flooding concerns along Kinsley and Harris Avenues at Acorn Street and Sims Avenue.

Land Acquisition and Relocation

The PRA may, within the Project Area, purchase, lease, obtain an option upon, acquire by gift, grant, bequest, devise, or otherwise, any real or personal property, or any estate or interest in it, together with any improvements on it. Currently there is no intention to acquire property through the exercise of the power of eminent domain. Therefore there is also currently no intention to relocate any persons or businesses displaced through the exercise of eminent domain. However, if relocation is necessary, it will be accomplished per applicable law.

Conformity with the Comprehensive Plan

This Plan must conform with the City's Comprehensive Plan. *Providence Tomorrow* identifies the Promenade Center as a growth district, which is defined as an area with commercial arterials, older industrial areas or large vacant areas. Growth districts are areas where the city would like to direct new growth in areas of the City where redevelopment is needed and land is available. The removal of blighted and substandard conditions in the Promenade Center will allow more opportunities to implement the vision of the comprehensive plan. The objectives met by this redevelopment plan are as follows:

Built Environment Objective BE 2: Adapt Providence's traditional urban design character to new needs, expectations and technologies

Built Environment Objective BE 3: Incorporate the best urban design principles into new development patterns to achieve a higher concentration and greater mix of housing, employment and transit options in identified areas of the city.

Business and Jobs Objective 1: Expand economic opportunity and the City's economic base by focusing efforts on retaining existing businesses and attracting new businesses

Mobility Objective M 1: Provide residents, businesses, employees and visitors with a variety of transportation options that are safe and convenient.

Mobility Objective M 2: Encourage investment in existing modes of transit as well as new transit options, including the RIPTA system, commuter rail and other new modes to increase mobility for Providence residents, and improve air quality.

Mobility Objective M 5: Manage the effectiveness of Providence's roadway network, including its street grid, by investing in operational and reconstruction improvements.

Mobility Objective M 6: Develop a comprehensive citywide approach to parking that addresses parking needs both downtown and in the neighborhoods as adequate parking is crucial to the future economic development to the city.

Mobility Objective M 7: Plan, design and invest in transportation infrastructure and systems that support the principal uses within the area, and provide strong interconnections to downtown, the neighborhoods and other destinations.

Land Use Objective LU 1: Reinforce the stability, character and diversity of the City's neighborhoods by respecting valued development patterns and attributes.

Land Use Objective LU 2: Encourage growth in areas best suited to provide access to jobs, housing and transit.

Land Use Objective LU 5: Promote business retention and expansion in areas best suited for industrial and commercial development.

Land Use Objective LU 10: Promote job growth and retention through appropriate land use controls.

Land Use Objective LU 12: Promote the efficient use of land to promote transit, walking and biking through appropriate land use controls.

Implementation Objective IMP 3: Ensure the effectiveness of Providence Tomorrow through enforcement.

ACTION PLAN

This section describes how the PRA intends to implement the redevelopment plan for Promenade Center, as required under the Redevelopment Laws of the State of Rhode Island (Title 45 Section 31-33). The purpose of this action plan is to enable the PRA to engage in actions to further the redevelopment of Promenade Center, such as property acquisitions, administration of grants, recommendations for realigning or abandoning streets, and reconfiguring property lines. There are currently no plans for the use of eminent domain. Should this become necessary, this plan will be amended. This plan will also permit the establishment of Tax Increment Financing (TIF) Districts. One TIF District is established in the appendix to this plan. Subsequent TIF Districts shall be subject to adoption by the City Council. These actions meet the objectives of the plan.

Redevelopment Actions

- Acquire, remove encumbrances and dispose of real property within Promenade Center
- Relocate individuals and businesses for acquired properties
- Convey real property to qualified and willing redevelopers
- Construct certain improvements in the public right-of-way and city property.
- Encourage cooperative agreements between property owners and redevelopers with regard to transit services, property access and parking
- Work for the enhancement and extension of the Woonasquatucket Greenway through Promenade Center
- Support the development of public parking, in structures or on-street, that will support new and existing businesses
- Support the expansion of RIPTA service in Promenade Center

Relocation

The PRA will assist in the relocation of residents, businesses and individuals displaced from properties acquired by the PRA in Promenade Center in accordance with State and Federal laws. The PRA will:

- Make fair and reasonable relocation payments to displaced persons and businesses for moving and related expenses, as outlined in Title 45 Section 31.2.
- Provide a relocation assistance program for displaced persons that includes determining the needs of relocation assistance for individuals or businesses, assisting in obtaining and becoming established in suitable locations, supplying information about federal, state and local programs offering assistance for displaced persons and businesses, assisting in minimizing hardships, and securing, to the greatest extent possible, the coordination of relocation activities within Promenade Center or nearby areas within the community, as outlined in Title 45 Section 31.2.
- Assure the availability of standard housing for displaced persons, as outlined in Title 45 Section 31.2.

Covenants and other Restrictions for Disposal and Future Land Use and Buildings

New projects in Promenade Center must conform to the purposes outline in the redevelopment plan. This will be guaranteed through covenants and other restrictions imposed by the PRA. These covenants and restrictions shall include conformance with the City's Zoning Ordinance and Comprehensive Plan, and shall require property sold by the PRA to be subject to standard performance and reverter provisions.

Costs and Financing

Financing new projects within Promenade Center will be managed through the PRA. Under this Redevelopment Plan, the PRA shall have the authority to use public and private funding sources to implement action items that support redevelopment of Promenade Center.

Tax Increment Financing

Tax increment financing (TIF) will be one mechanism for financing projects within the Project Area. All expenditures under Tax Increment Financing must be approved by the PRA. Tax Increment Financing will be done in phases as projects develop. The first phase will be that associated with the ALCO project described in this plan. The TIF District and Plan for the ALCO project is established in the appendix to this plan.

APPENDIX

Promenade Center Tax Increment Financing Plan TIF Plan #1: ALCO Project TIF

This TIF Plan is the first in a series of TIF plans developed in conjunction with the Promenade Center Redevelopment Project Plan and Tax Increment Financing Plan. It describes the TIF District, the projects to be funded through the TIF, the means whereby the projects will be funded, and the methods for paying off the debt incurred to finance the projects.

Project Summary

- *Name:* ALCO Project TIF
- *Estimated amount of indebtedness:* \$11,405,000.
- *Total Project Cost:*
 - *Funding for Projects:* \$7,310,000
 - *Reserves and Interest:* \$2,883,036
 - *Delivery Cost:* \$1,211,964
- *Base Date:* December 31, 2007.
- *Estimate of annual average net tax increment to be generated:* Approximately \$2,790,000 annually over a 30-year period.
- *Officer responsible for calculating the tax increment:* Providence City Assessor.
- *Tax Increment Area:* The Tax Increment Area is located within the following parcels identified in the records of the Tax Assessor of the City as of December 31, 2007: Plat 27, Lots 5, 16, 262, 278, 279, 276, 280, and 281.

The Tax Increment Area for ALCO Project TIF is depicted in Figure 6 and defined as follows:

starting at the corner of Kinsley Ave. and Eagle St. and proceeding northwest on Eagle St. to Valley Street, turning northeast and following Valley St. to Hemlock St., turning southeast and following Hemlock St. to Promenade St., turning east and following Promenade St. to Acorn St., turning south and following Acorn St.

to Kinsley Ave., turning east and following Kinsley Ave. approximately 209 feet to the northeast corner of current Assessor's Plat 27, Lot 5, turning southeast and following the easterly lot line of said Lot 5 to the lot's southeast corner, turning southwest and following the southerly lot line of said Lot 5 to Acorn St., continuing along the southern and western lot lines of current Assessor's Plat 27, Lot 16 to Kinsley Ave., turning west and following Kinsley Avenue to the starting point.

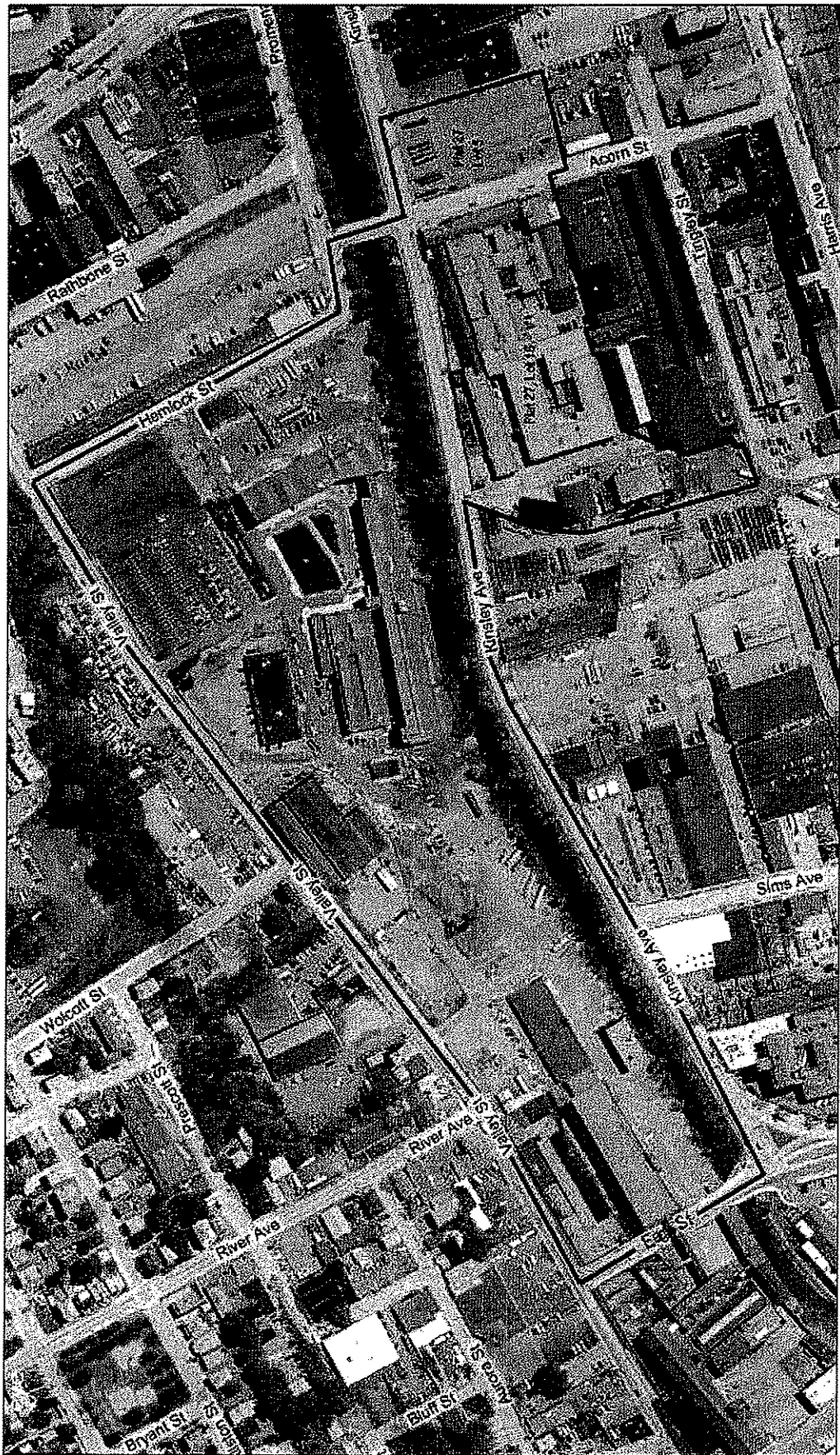


Figure 6. Tax Increment Area

The following public improvements will be funded through the ALCO Project TIF:

- Riverwalk: public access to the Woonasquatucket River will be increased, including landscaping, lighting, pathway, overlooks, and restoration of two former railroad tressels into pedestrian bridges.
- Traffic light: as a requirement by the City Engineer at review of the project, a new phase traffic light will be added at River Avenue and Valley Street, an access point into the ALCO development
- Permeable reactive barrier wall: the Remedial Action Work Plan for the site requires the installation of this barrier wall within a public easement to cease penetration of contaminants into the Woonasquatucket River.
- Workforce housing: 20% of all housing units created within the ALCO development will be restricted to individuals earning between 80% and 120% of the area median income. For the development phase defined as Phase II , approximately 25 of the residential units will be restricted to those earning between 80% and 100% of the area median income
- Affordable housing: in partnership with Olneyville Housing Corporation and McCormack Baron Salazar, a mixed-income housing building with approximately 132 units will be created. An estimated 85 units will be restricted to those earning less than 60% of the area median income.
- Job creation/economic development fund: this fund will be used by ALCO to attract (or retain) companies to the city which will provide high-quality jobs and/or the potential for substantial job growth in the future. These funds will be leveraged by the developer/city in an effort to compete with rental rates associated with suburban land costs, lower tax rates, and non-brownfields sites.

Under this TIF plan, the proposal costs for public improvements are as follows:

▪ Riverwalk	\$597,000
▪ Traffic Light (River Ave)	\$62,000
▪ Permeable Reactive Barrier Wall	\$451,000
▪ Workforce Housing	\$1,125,000
▪ Affordable Housing (MBS/OHC)	\$4,375,000
▪ Job Creation/Econ. Development Fund	\$700,000
▪	
TOTAL	
	\$7,310,000

The tax increment on these parcels includes investments undertaken or to be undertaken by ALCO 85 LLC; ALCO 262 LLC; some or all of GNL Realty Eagle LLC, RAL Realty Limited Partnership, Barbara Rubin, and Betty Licht Krum; and Jacob Licht,

Inc. parties affiliated thereto,

- * *Method of Calculation:* The following table entitled "Calculation of Tax Increment and Estimated Net Tax Increment Payments" sets forth the City's present estimate of the annual amounts of Net Tax Increment Payments under the Act, including taxes payable under the Tax Stabilization Agreements, which are expected to be available to secure annual debt service on Special Obligation Tax Increment Bonds in each fiscal year from 2010 to 2034. The table shows the gross tax increment expected to be received by the City as well as required deductions therefrom and prior calls thereon. The following assumptions were made with respect to the preparation of the table:
 - Tax Increment Payments from the Tax Stabilization Agreement are based on the assumption that each Tax Stabilization Agreement will not terminate prior to its stated expiration date.
 - Tax Increment Payments Outside the Tax Stabilization Agreement project the tax increment other than under a Tax Stabilization Agreement or after the expiration of the Tax Stabilization Agreements and are based on projections by the City Assessor. The City Assessor has used standard assessment methodology to calculate the assessed value of the Project. The assessed value is based on methods appropriate for the valuation of each parcel of real estate within the Tax Increment Area.
 - 25% of the Tax Increment Payments shall be paid to the City prior to any debt service payment. The remainder of the increment shall be used to pay the debt service. If there is a shortfall in meeting the debt service, the developer of the ALCO and Nicholson File projects shall be obligated to make up the shortfall. If there is a surplus, the surplus shall be paid to the City.
 - Pursuant to the Act, 10% of the Tax Increment Payments, which is a portion of the 25% of the Tax Increment Payments described in the bullet above, shall be applied to debt service on the City's general obligation debt. It has been assumed that the amount of annual debt service on general obligation debt of the City as a percentage of the City's annual tax levy will remain at 10% through fiscal year 2016. What this portion will be in future years depends on many factors, including the amount and timing of any additional general obligation borrowings. For the purpose of this plan, it is presumed that the ten-percent factor holds throughout the projected period.
- * *Uses of Increment:* The Act permits the City to deposit as revenues in the General Fund those tax increment revenues that are not needed for the payment of debt service on tax increment financing bonds, or bond anticipation notes or other short-term financing, issued in conformance with the Act, or the provision of any

required security in connection with such debt, or the direct funding of any part of the Housing Program.

The City's present intention is to obtain tax incremental bond financing in order to undertake the ALCO Project Program. The City anticipates that the \$7,310,000 will be fully expended for the ALCO Project by the end of fiscal 2013. Beginning in fiscal 2012, and each year thereafter until the bonds are paid off, the City expects that debt service on the \$7,310,000 in borrowings will be paid from tax increment revenues. The surpluses that are available after the payment of debt service will be deposited in the General Fund as revenue during the fiscal years for which tax increment bonds are outstanding.

American Locomotive Works TIF District
Providence, Rhode Island

Final Tax Due	Bond Year Ending	Assumed Tax Rate		Total Tax Revenues ¹	Base Tax Revenues ¹	Total Property Tax Increment Revenues ¹	Direct Revenue to City (25% of Revenues)	Portion of Revenue Available for DS (75% of Revenues)	Debt Service Coverage			Net Surplus (Direct Revenue to City)
		Residential	Commercial						Debt Service via Guarantee)	Minimum Pilot (Developer Payments)		
24-Apr-09	1-Jul-09	2.37%	2.80%	\$0	(\$438,913)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24-Apr-10	1-Jul-10	2.37%	2.80%	\$0	(\$438,913)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24-Apr-11	1-Jul-11	2.37%	2.80%	\$247,891	(\$438,913)	\$308,140	\$77,035	\$231,105	\$849,396	\$618,291	\$0	\$0
24-Apr-12	1-Jul-12	2.37%	2.80%	\$727,078	(\$438,913)	\$829,411	\$207,353	\$622,058	\$867,242	\$245,184	\$0	\$0
24-Apr-13	1-Jul-13	2.37%	2.80%	\$1,268,324	(\$438,913)	\$988,977	\$247,244	\$741,733	\$885,484	\$143,751	\$0	\$0
24-Apr-14	1-Jul-14	2.37%	2.80%	\$1,427,890	(\$438,913)	\$1,168,177	\$292,044	\$876,133	\$903,982	\$27,850	\$0	\$0
24-Apr-15	1-Jul-15	2.37%	2.80%	\$1,607,090	(\$438,913)	\$1,214,972	\$303,743	\$911,229	\$922,597	\$11,368	\$0	\$0
24-Apr-16	1-Jul-16	2.37%	2.80%	\$1,653,885	(\$438,913)	\$1,261,768	\$315,442	\$946,326	\$962,546	\$0	\$4,138	\$0
24-Apr-17	1-Jul-17	2.37%	2.80%	\$1,700,681	(\$438,913)	\$1,470,602	\$367,651	\$1,102,952	\$982,461	\$0	\$140,405	\$0
24-Apr-18	1-Jul-18	2.37%	2.80%	\$1,909,515	(\$438,913)	\$1,521,737	\$380,434	\$1,141,303	\$1,002,792	\$0	\$158,842	\$0
24-Apr-19	1-Jul-19	2.37%	2.80%	\$1,960,650	(\$438,913)	\$1,521,737	\$380,434	\$1,141,303	\$1,024,331	\$0	\$138,511	\$0
24-Apr-20	1-Jul-20	2.37%	2.80%	\$2,142,455	(\$438,913)	\$1,703,542	\$425,886	\$1,277,657	\$1,045,797	\$0	\$253,326	\$0
24-Apr-21	1-Jul-21	2.37%	2.80%	\$2,142,455	(\$438,913)	\$1,703,542	\$425,886	\$1,277,657	\$1,066,980	\$0	\$231,860	\$0
24-Apr-22	1-Jul-22	2.37%	2.80%	\$2,142,455	(\$438,913)	\$1,703,542	\$425,886	\$1,277,657	\$1,089,980	\$0	\$210,677	\$0
24-Apr-23	1-Jul-23	2.37%	2.80%	\$2,341,119	(\$438,913)	\$1,902,206	\$475,551	\$1,426,654	\$1,112,518	\$0	\$336,984	\$0
24-Apr-24	1-Jul-24	2.37%	2.80%	\$2,341,119	(\$438,913)	\$1,902,206	\$475,551	\$1,426,654	\$1,125,244	\$0	\$314,136	\$0
24-Apr-25	1-Jul-25	2.37%	2.80%	\$2,341,119	(\$438,913)	\$1,902,206	\$475,551	\$1,426,654	\$1,135,244	\$0	\$291,410	\$0
24-Apr-26	1-Jul-26	2.37%	2.80%	\$2,341,119	(\$438,913)	\$1,902,206	\$475,551	\$1,426,654	\$1,158,568	\$0	\$430,900	\$0
24-Apr-27	1-Jul-27	2.37%	2.80%	\$2,558,204	(\$438,913)	\$2,119,291	\$529,823	\$1,589,468	\$1,183,140	\$0	\$406,328	\$0
24-Apr-28	1-Jul-28	2.37%	2.80%	\$2,558,204	(\$438,913)	\$2,119,291	\$529,823	\$1,589,468	\$1,207,540	\$0	\$381,928	\$0
24-Apr-29	1-Jul-29	2.37%	2.80%	\$2,558,204	(\$438,913)	\$2,119,291	\$529,823	\$1,589,468	\$1,232,418	\$0	\$354,961	\$0
24-Apr-30	1-Jul-30	2.37%	2.80%	\$2,795,418	(\$438,913)	\$2,356,505	\$589,126	\$1,767,379	\$1,258,355	\$0	\$309,024	\$0
24-Apr-31	1-Jul-31	2.37%	2.80%	\$2,795,418	(\$438,913)	\$2,356,505	\$589,126	\$1,767,379	\$1,283,861	\$0	\$483,518	\$0
24-Apr-32	1-Jul-32	2.37%	2.80%	\$2,795,418	(\$438,913)	\$2,356,505	\$589,126	\$1,767,379	\$163,916	\$0	\$1,797,871	\$0
24-Apr-33	1-Jul-33	2.37%	2.80%	\$3,054,629	(\$438,913)	\$2,615,716	\$653,929	\$1,961,787	\$0	\$0	\$1,961,787	\$0
24-Apr-34	1-Jul-34	2.37%	2.80%	\$3,054,629	(\$438,913)	\$2,615,716	\$653,929	\$1,961,787	\$0	\$0	\$1,961,787	\$0
24-Apr-35	1-Jul-35	2.37%	2.80%	\$3,054,629	(\$438,913)	\$2,615,716	\$653,929	\$1,961,787	\$0	\$0	\$1,961,787	\$0
24-Apr-36	1-Jul-36	2.37%	2.80%	\$3,337,876	(\$438,913)	\$2,898,963	\$724,741	\$2,174,222	\$0	\$0	\$2,174,222	\$0
24-Apr-37	1-Jul-37	2.37%	2.80%	\$3,337,876	(\$438,913)	\$2,898,963	\$724,741	\$2,174,222	\$0	\$0	\$2,174,222	\$0
24-Apr-38	1-Jul-38	2.37%	2.80%	\$3,337,876	(\$438,913)	\$2,898,963	\$724,741	\$2,174,222	\$0	\$0	\$2,174,222	\$0
Total				\$63,152,755	(\$13,167,388)	\$51,074,191	\$12,768,548	\$38,305,644	\$22,281,026	\$1,046,444	\$17,071,061	

MuniCorp, Inc.

M:\CONSULTING\SR\American Locomotive\Other Documents\Revenue Table.xls\XVIII

¹Total tax revenue based on an assumed tax treaty. Estimated taxes are used to determine the total property tax increment revenues available, therefore, values are not shown by assessed value.

EXHIBIT B

Stabilization For: JACOB LICHT ALCO PROJECT
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21- 160 through 21-172
Parcel: Plat 27 Lot 16

STABILIZATION TERMS:

Stabilization is Limited to 98 Residential Units
Project Taxable Properties and Tax thereon is adjusted annually to reflect buildout of Residential Unit
at Time of Certificate of Occupancy
Commercial/Office/Retail and Personal Property is Outside the Stabilization and is Fully Taxable

CHART:

Residential Components will be taxed at 8% of Designated Rent
DR = Designated Rent

Stabilized Tax		Stabilization
Year #	DESIGNATED RENT	Tax Payment
1	DR	of 8%
2	DR	8% OF DR
3	DR	8% OF DR
4	DR	8% OF DR
5	DR	8% OF DR
6	DR	8% OF DR
7	DR	8% OF DR
8	DR	8% OF DR
9	DR	8% OF DR
10	DR	8% OF DR
11	DR	8% OF DR
12	DR	8% OF DR
13	DR	8% OF DR
14	DR	8% OF DR
15	DR	8% OF DR
16	DR	8% OF DR
17	DR	8% OF DR
18	DR	8% OF DR
19	DR	8% OF DR
20	DR	8% OF DR

This stabilization shall expire no later than twenty years after the effective date of this Ordinance.

EXHIBIT C **EXAMPLE**

Stabilization For:	JACOB LICHT ALCO PROJECT
Date of Application:	December 8, 2008
City Ordinance:	Code of Ordinances 21-160 through 21-172
Parcel:	Plat 27 Lot 16

STABILIZATION TERMS:

Stabilization is Limited to 98 Residential Units
Project Taxable Properties and Tax thereon is adjusted annually to reflect buildout of Residential Unit
at Time of Certificate of Occupancy
Commercial/Office/Retail and Personal Property is Outside the Stabilization and is Fully Taxable
This Stabilization shall expire no later than twenty years after the effective date of this Ordinance.
Data Projection Provided by the Planning and Applicant

EXHIBIT C: Projected Property Taxes -- Residential For Rent EXAMPLE

Final Tax	Inflation	Residential For Rent						TOTAL Tax					
		Nicholson Rental - Market			Nicholson Rental - Workforce								
		Per Unit	Tax ²	No. Of Units	Tax	At 8%	Per Unit	Tax ³	No. Of Units	Tax	At 8%		
Due	Factor ¹												
24-Apr-09	100.0%	\$1,301		0	\$0		\$1,089	0	\$0	\$0			
24-Apr-10	100.0%	\$1,301		0	\$0		\$1,089	0	\$0	\$0			
24-Apr-11	100.0%	\$1,301		0	\$0		\$1,089	0	\$0	\$0			
24-Apr-12	109.3%	\$1,422		0	\$0		\$1,190	0	\$0	\$0			
24-Apr-13	109.3%	\$1,422		78	\$110,905		\$1,190	20	\$23,791	\$134,606			
24-Apr-14	109.3%	\$1,422		78	\$110,905		\$1,190	20	\$23,791	\$134,606			
24-Apr-15	119.4%	\$1,554		78	\$121,189		\$1,300	20	\$25,997	\$147,185			
24-Apr-16	119.4%	\$1,554		78	\$121,189		\$1,300	20	\$25,997	\$147,185			
24-Apr-17	119.4%	\$1,554		78	\$121,189		\$1,300	20	\$25,997	\$147,185			
24-Apr-18	130.5%	\$1,698		78	\$132,426		\$1,420	20	\$28,408	\$160,834			
24-Apr-19	130.5%	\$1,698		78	\$132,426		\$1,420	20	\$28,408	\$160,834			
24-Apr-20	130.5%	\$1,698		78	\$132,426		\$1,420	20	\$28,408	\$160,834			
24-Apr-21	142.6%	\$1,855		78	\$144,705		\$1,552	20	\$31,042	\$175,747			
24-Apr-22	142.6%	\$1,855		78	\$144,705		\$1,552	20	\$31,042	\$175,747			
24-Apr-23	142.6%	\$1,855		78	\$144,705		\$1,552	20	\$31,042	\$175,747			
24-Apr-24	155.8%	\$2,027		78	\$158,124		\$1,696	20	\$33,920	\$192,044			
24-Apr-25	155.8%	\$2,027		78	\$158,124		\$1,696	20	\$33,920	\$192,044			
24-Apr-26	155.8%	\$2,027		78	\$158,124		\$1,696	20	\$33,920	\$192,044			
24-Apr-27	170.2%	\$2,215		78	\$172,786		\$1,853	20	\$37,065	\$209,851			
24-Apr-28	170.2%	\$2,215		78	\$172,786		\$1,853	20	\$37,065	\$209,851			
TOTAL												\$2,716,523	

¹ Inflation assumed to be 3% annually, realized in years of the triennial reassessment.

²Per unit tax is equal to the total projected per unit (avg) annual rent of \$16,265 * 8%

²Per unit tax is equal to the total projected per unit (avg) annual rent of \$13,607 * 8%



Finance Department
"Building Pride in Providence"

December 8, 2008

Councilman John Igliazzi,
Chairman, Committee on Finance
C/O City Clerk's Office
Providence City Hall
Providence, R.I. 02903

Dear Chairman Igliazzi:

For your consideration are the; Promenade Center Redevelopment Project Plan and Tax Increment Financing Plan and the Tax Stabilization Agreements for: Jacob Licht, Inc; ALCO 85 LLC; and GNL Realty Eagle LLC, RAL Limited Partnership.

Based on correspondence from PFM and Restivo Monacelli, LLP, the City's Financial Advisors for this project, both have provided conclusions that these projects have no adverse effects to the City of Providence. The source of evaluation for PFM and Restivo Monacelli, LLP was the TIF analysis prepared by MuniCap, Inc., Public Finance. Furthermore, I relied on Rhode Island Law; Chapter 45-32.2; *Credit of municipality not pledged*, which states that "the bonds and notes issued under this chapter payable solely from project revenues. These bonds and notes shall not at any time be included in the debt of the city or town for the purpose of ascertaining its legal borrowing capacity.

The underlying properties for these stabilization agreements that are commercial have an escalator component which captures both the change in value and the change in tax rate by 10% annually until it reaches 100% in year ten.

The underlying properties for these stabilization agreements that are residential have a component which captures 8% of gross rentals.

It should be further noted that some of the improved properties are not included in the stabilization agreement.

Thank you for your consideration, and should you have any additional questions, please let me know.

Respectfully Submitted;

Bruce T. Miller

Bruce T. Miller
Finance Director



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

99 Summer Street
Suite 1020
Boston, MA 02110-1240

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November 21, 2008

Thomas Deller,
Director of Planning and Development
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Dear Mr. Deller:

Public Financial Management, Inc. ("PFM"), as financial advisor to the City of Providence (the "City") has been asked by the City to review the study dated November 11, 2008, (the "Study") prepared by MuniCap, Inc. (the "Consultant") to Eccles & Rouse, Inc. (the "Developer") of the proposed American Locomotive Works (the "Project"), which projects the expected revenues generated from the proposed financing and measures the projected impact of the Project on the City's overall fiscal condition. The Study was undertaken by MuniCap, Inc., an economic consulting firm based in Baltimore who specializes in these types of economic impact studies as they relate to major real estate developments.

The Study examines a number of areas related to the Project development, including the projection of City revenues generated by residential taxes, commercial taxes, and personal property taxes attributable to the American Locomotive Works TIF District. The Study also projects additional revenues that would accrue to the City as a result of the development over time. In addition, the Study estimates other tax revenue, both one time and reoccurring, which will also be available to support City sponsored debt for the Project. Using the assumptions provided by the Consultant, we present the following findings:

PROJECT PLAN

The project plan presents an estimate of the project costs and the amounts and sources and uses of funds to be used to defray those costs and includes provisions for tax increment funding and/or financing of project costs in whole or in part. The project plan calls for the construction of a Riverwalk, Traffic Light, Permeable Reactive Barrier, Workforce Housing, Affordable Housing, and Job Creation (see the chart below for an itemized description of the project costs).

Project Costs	
Riverwalk	\$596,745
Traffic Light (River Ave)	\$61,567
Permeable Reactive Barrier Wall	\$451,391
Workforce Housing	\$1,125,000
Affordable Housing (MBS/OHC)	\$4,375,000
Job Creation/Econ. Development Fund	\$700,000
Total	\$7,309,703

The estimated amount of indebtedness to be incurred is \$11.275 million. The debt service projection assumes an interest rate of 7% with level debt service maturing from 2009 to 2033. Interest is capitalized in fiscal years 2009-2011, so the first principal payment will be made in fiscal year 2012. The Public Improvement Fund has been net funded such that the initial deposit of \$7,193,012, together with interest earnings at 3%, equal the total project cost, assuming funds are disbursed in equal installments to February 1, 2010. See the chart below for sources and uses of funds.

Sources	
Par	\$11,275,000
Estimated Use of Funds	
Public Improvements	7,193,012
Debt Service Reserve Fund	1,127,500
Capitalized Interest	1,722,676
Cost of Issuance	1,000,000
Underwriter's Discount	229,120
Rounding	2,692
Total	\$11,275,000

The debt service coverage for the TIF financing is shown below. In fiscal years 2012-2014, the Developer will need to cover the debt service shortfall until sufficient revenue is generated from the project (see "Coverage Ratio" in the chart below).

Period Ending	Principal	Interest (1)	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest	Net Debt Service	Estimated Revenue Stream (2)	Approximate Minimum PILOT	Coverage Ratio
7/1/2009	—	328,854	328,854	—	328,854	—	—	—	N/A
7/1/2010	—	789,250	789,250	—	789,250	—	—	—	N/A
7/1/2011	—	789,250	789,250	—	789,250	—	—	—	N/A
7/1/2012	100,000	789,250	889,250	45,100	—	844,150	231,105	613,045	0.27
7/1/2013	100,000	782,250	882,250	45,100	—	837,150	622,058	215,092	0.74
7/1/2014	100,000	775,250	875,250	45,100	—	830,150	741,733	88,417	0.89
7/1/2015	100,000	768,250	868,250	45,100	—	823,150	876,133	—	1.06
7/1/2016	100,000	761,250	861,250	45,100	—	816,150	911,229	—	1.12
7/1/2017	100,000	754,250	854,250	45,100	—	809,150	946,326	—	1.17
7/1/2018	145,000	747,250	892,250	45,100	—	847,150	1,102,952	—	1.30
7/1/2019	190,000	737,100	927,100	45,100	—	882,000	1,141,303	—	1.29
7/1/2020	200,000	723,800	923,800	45,100	—	878,700	1,141,303	—	1.30
7/1/2021	325,000	709,800	1,034,800	45,100	—	989,700	1,277,657	—	1.29
7/1/2022	350,000	687,050	1,037,050	45,100	—	991,950	1,277,657	—	1.29
7/1/2023	370,000	662,550	1,032,550	45,100	—	987,450	1,277,657	—	1.29
7/1/2024	520,000	636,650	1,156,650	45,100	—	1,111,550	1,426,654	—	1.28
7/1/2025	555,000	600,250	1,155,250	45,100	—	1,110,150	1,426,654	—	1.29
7/1/2026	595,000	561,400	1,156,400	45,100	—	1,111,300	1,426,654	—	1.28
7/1/2027	765,000	519,750	1,284,750	45,100	—	1,239,650	1,589,468	—	1.28
7/1/2028	820,000	466,200	1,286,200	45,100	—	1,241,100	1,589,468	—	1.28
7/1/2029	875,000	408,800	1,283,800	45,100	—	1,238,700	1,589,468	—	1.28
7/1/2030	1,080,000	347,550	1,427,550	45,100	—	1,382,450	1,767,379	—	1.28
7/1/2031	1,160,000	271,950	1,431,950	45,100	—	1,386,850	1,767,379	—	1.27
7/1/2032	1,240,000	190,750	1,430,750	45,100	—	1,385,650	1,767,379	—	1.28
7/1/2033	1,485,000	103,950	1,588,950	1,172,600	—	416,350	1,961,787	—	4.71
	\$11,275,000	\$14,912,654	\$26,187,654	\$2,119,700	\$1,907,354	\$22,160,600	\$27,859,403	\$916,554	

(1) Assumes an interest rate of 7.0%
(2) Revenue Stream taken from 11/19/2008 MuniCap Projection #39

It is expected that approximately \$51,074,192 million in revenue will be generated from the financing, of which \$38,305,644 is earmarked to cover debt service. The tax increment financing method is implemented by first designating a tax increment finance district corresponding to the parcels of land benefitting from the proposed improvements. Property values are determined for these parcels, and assessments are "frozen" at that level for normal taxing purposes (see table below).

Tax Parcel	Land Value	Building Value	Total Assessed Value
027-0005-0000	\$307,400	\$61,100	\$368,500
027-0016-0000	1,302,800	1,592,700	2,895,500

027-0262-0000	810,200	8,400	818,600
027-0276-0000	306,200	450,700	756,900
027-0278-0000	280,000	60,500	340,500
027-0279-0000	2,127,700	5,792,700	7,920,400
027-0280-0000	1,038,700	1,491,900	2,530,600
027-0281-0000	173,900	0	173,900
Total			\$15,804,900

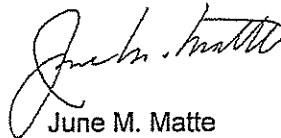
Type	Allocation Percentage	Base Value
For Sale Residential	5%	\$842,856
Rental Apartments	25%	\$3,932,473
Commercial	70%	\$11,029,571
Total		\$15,804,900

The actual values and assessments of those properties within the tax increment district increase due to the public improvements implemented in the designated areas. Increases in assessed value will result in an increment in tax revenue beyond the frozen base level, and this amount is then diverted to the Developer financing the improvements.

After having reviewed the Consultant's report, PFM believes that the conclusions presented are reasonable given the methodology employed and recognizing that there are limitations to this type of projected fiscal analysis. Overall, the Consultant has been reasonably conservative in the development of the assumptions utilized in the analysis.

Please feel free to contact me if you have any further questions.

Sincerely,



June M. Matte
Managing Director

**THE CITY OF PROVIDENCE
AGREED-UPON PROCEDURES REPORT**



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**INDEPENDENT ACCOUNTANTS REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the City of Providence
Department of Planning and Development
Providence, RI 020903

RE: American Locomotive Works TIF District
Providence, RI
TIF Bond Projections-Project No. 59

We have performed the procedures enumerated below, which were agreed to by the City of Providence Department of Planning and Development, solely to assist you with respect to the report prepared by MuniCap, Inc. that projects the net revenue available from incremental tax proceeds generated from the development of the residential and commercial project known as American Locomotive Works and debt service payments to repay the bond procedures used to fund public improvements and bond issuance costs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and findings are as follows:

- We read the report prepared by MuniCap, Inc. and noted the following in preparation of the computation of the PILOT revenue to support the annual debt service of the projected bond:
 - Total sources and uses of bond funds as detailed in Exhibit A.
 - Bond assumptions as detailed on Exhibit B.
- We noted the following assumptions:
 - The property tax increment revenue.
 - Commercial tax treaty and phased in PILOT proceeds.
 - Bond amortization assumptions.
 - Residential tax rate of 8% for rentals.
 - Revised development summary, tax rates, and base parcel valuations.
 - Updated fiscal impact and projected revenues and tax incremental revenues by parcel.

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- We recalculated and traced assumptions to the projections and computations used to calculate the available debt service by parcel available to amortize the bond over the projected life assuming the terms projected in Exhibit B. No exceptions were noted.
- We recalculated the additional annual costs to the City of Providence as a result of the proposed development . We noted the following:
 - Based on interviews management conducted with Department of Finance Deputy Director and CFO of City Public Schools, the development will not have an impact on the following departments:
 - City Sergeant, Law Department, Municipal Court, Probate Court, contingencies, Housing Court, Finance Department (excluding street lighting), Commissioner of Public Safety, Department of Communications, building inspections, Department of Public Works (excluding environmental control - street sweeping, snow removal and sewer construction), parks, school department, recorder of deeds, vital statistics, board of licenses, emergency management, Planning and Development, City Council administration, Office of Internal Auditor, archives, Department of Human Services, Office of Arts, Culture and Tourism and P.E.R.A.
- We noted that the additional projected net revenue for all of the parcels to the City of Providence over thirty years from the proposed development after servicing debt and projected annual costs and verified the mathematical accuracy.
- We noted that the calculations in the report are based on projected assumptions of development timing, lease up assumptions, projected tax revenue rates, inflation rates and various other assumptions. These assumptions are management's best estimate of the projected results based on management's knowledge and third party information. Due to the nature of projections, actual results will be different than projections and the differences could be material.

Based upon the agreed upon procedures and findings outlined above, nothing came to our attention that indicates that the projections do not fairly represent the projected results based upon the assumptions used to prepare the report.

We were not engagement to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Providence and the Department of Planning and Development and is not intended to be and should not be used by anyone other than those specified parties.

Restivo Monacelli LLP

November 20, 2008

SOURCES AND USES OF FUNDS AND BOND ISSUANCE ASSUMPTIONS

Sources of funds:

Total bond proceeds	\$ 11,456,000
Interest earned in the improvement fund	<u>117,410</u>
Total sources of funds	<u>\$ 11,573,410</u>

Total uses of funds:

Public improvements	\$ 7,309,703
Issuance costs	1,095,477
Underwriter's discount	229,120
Capitalized interest	1,793,457
Reserve fund	1,145,600
Rounding	<u>53</u>
Total uses of funds	<u>\$ 11,573,410</u>

BOND ASSUMPTIONS

Maturity	24.42 years
Interest	2.42 years
Amortization	22 years
Bond coupon rate	7.00%
Reinvestment rates:	
Reserve fund	4.00%
Improvement fund	3.00%
Capitalized interest account	3.00%
Date bonds issued	1-Feb-09
Dates payments due:	
Interest	January 1 and July 1
Principal	July 1
Capitalized interest:	
Interest funded through	1-Jul-11
Months interest funded	29

TITLE 45

Towns and cities

CHAPTER 45-33.2

Tax Increment Financing

SECTION 45-33.2-11

§ 45-33.2-11 **Credit of municipality not pledged.** – The bonds and notes issued under this chapter are payable solely from project revenues. These bonds and notes shall not at any time be included in the debt of the city or town for the purpose of ascertaining its legal borrowing capacity.

**THE CITY OF PROVIDENCE
AGREED-UPON PROCEDURES REPORT**

**INDEPENDENT ACCOUNTANTS REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the City of Providence
Department of Planning and Development
Providence, RI 020903

RE: American Locomotive Works TIF District
Providence, RI
TIF Bond Projections-Project No. 59

We have performed the procedures enumerated below, which were agreed to by the City of Providence Department of Planning and Development, solely to assist you with respect to the report prepared by MuniCap, Inc. that projects the net revenue available from incremental tax proceeds generated from the development of the residential and commercial project known as American Locomotive Works and debt service payments to repay the bond procedures used to fund public improvements and bond issuance costs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and findings are as follows:

- We read the report prepared by MuniCap, Inc. and noted the following in preparation of the computation of the PILOT revenue to support the annual debt service of the projected bond:
 - Total sources and uses of bond funds as detailed in Exhibit A.
 - Bond assumptions as detailed on Exhibit B.
- We noted the following assumptions:
 - The property tax increment revenue.
 - Commercial tax treaty and phased in PILOT proceeds.
 - Bond amortization assumptions.
 - Residential tax rate of 8% for rentals.
 - Revised development summary, tax rates, and base parcel valuations.
 - Updated fiscal impact and projected revenues and tax incremental revenues by parcel.

36 Exchange Terrace Providence, RI 02903-1743 T 401.273.7600 F 401.421.6799
20 Park Plaza, Suite 400 Boston, MA 02116-4326 T 617.948.2111 F 617.948.2501

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- We recalculated and traced assumptions to the projections and computations used to calculate the available debt service by parcel available to amortize the bond over the projected life assuming the terms projected in Exhibit B. No exceptions were noted.
- We recalculated the additional annual costs to the City of Providence as a result of the proposed development . We noted the following:
 - Based on interviews management conducted with Department of Finance Deputy Director and CFO of City Public Schools, the development will not have an impact on the following departments:
 - City Sergeant, Law Department, Municipal Court, Probate Court, contingencies, Housing Court, Finance Department (excluding street lighting), Commissioner of Public Safety, Department of Communications, building inspections, Department of Public Works (excluding environmental control - street sweeping, snow removal and sewer construction), parks, school department, recorder of deeds, vital statistics, board of licenses, emergency management, Planning and Development, City Council administration, Office of Internal Auditor, archives, Department of Human Services, Office of Arts, Culture and Tourism and P.E.R.A.
- We noted that the additional projected net revenue for all of the parcels to the City of Providence over thirty years from the proposed development after servicing debt and projected annual costs and verified the mathematical accuracy.
- We noted that the calculations in the report are based on projected assumptions of development timing, lease up assumptions, projected tax revenue rates, inflation rates and various other assumptions. These assumptions are management's best estimate of the projected results based on management's knowledge and third party information. Due to the nature of projections, actual results will be different than projections and the differences could be material.

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We were not engagement to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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Restivo Monacelli LLP

November 20, 2008

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The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

99 Summer Street
Suite 1020
Boston, MA 02110-1240

617-330-6914
617-951-2361 fax
www.pfm.com

November 21, 2008

Thomas Deller,
Director of Planning and Development
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Dear Mr. Deller:

Public Financial Management, Inc. ("PFM"), as financial advisor to the City of Providence (the "City") has been asked by the City to review the study dated November 11, 2008, (the "Study") prepared by MuniCap, Inc. (the "Consultant") to Eccles & Rouse, Inc. (the "Developer") of the proposed American Locomotive Works (the "Project"), which projects the expected revenues generated from the proposed financing and measures the projected impact of the Project on the City's overall fiscal condition. The Study was undertaken by MuniCap, Inc., an economic consulting firm based in Baltimore who specializes in these types of economic impact studies as they relate to major real estate developments.

The Study examines a number of areas related to the Project development, including the projection of City revenues generated by residential taxes, commercial taxes, and personal property taxes attributable to the American Locomotive Works TIF District. The Study also projects additional revenues that would accrue to the City as a result of the development over time. In addition, the Study estimates other tax revenue, both one time and reoccurring, which will also be available to support City sponsored debt for the Project. Using the assumptions provided by the Consultant, we present the following findings:

PROJECT PLAN

The project plan presents an estimate of the project costs and the amounts and sources and uses of funds to be used to defray those costs and includes provisions for tax increment funding and/or financing of project costs in whole or in part. The project plan calls for the construction of a Riverwalk, Traffic Light, Permeable Reactive Barrier, Workforce Housing, Affordable Housing, and Job Creation (see the chart below for an itemized description of the project costs).

Project Costs	
Riverwalk	\$596,745
Traffic Light (River Ave)	\$61,567
Permeable Reactive Barrier Wall	\$451,391
Workforce Housing	\$1,125,000
Affordable Housing (MBS/OHC)	\$4,375,000
Job Creation/Econ. Development Fund	\$700,000
Total	\$7,309,703

The estimated amount of indebtedness to be incurred is \$11.275 million. The debt service projection assumes an interest rate of 7% with level debt service maturing from 2009 to 2033. Interest is capitalized in fiscal years 2009-2011, so the first principal payment will be made in fiscal year 2012. The Public Improvement Fund has been net funded such that the initial deposit of \$7,193,012, together with interest earnings at 3%, equal the total project cost, assuming funds are disbursed in equal installments to February 1, 2010. See the chart below for sources and uses of funds.

Sources	
Par	\$11,275,000
Estimated Use of Funds	
Public Improvements	7,193,012
Debt Service Reserve Fund	1,127,500
Capitalized Interest	1,722,676
Cost of Issuance	1,000,000
Underwriter's Discount	229,120
Rounding	2,692
Total	\$11,275,000

The debt service coverage for the TIF financing is shown below. In fiscal years 2012-2014, the Developer will need to cover the debt service shortfall until sufficient revenue is generated from the project (see "Coverage Ratio" in the chart below).

Period Ending	Principal	Interest ⁽¹⁾	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest	Net Debt Service	Estimated Revenue Stream ⁽²⁾	Approximate Minimum PILOT	Coverage Ratio
7/1/2009	---	328,854	328,854	---	328,854	---	---	---	N/A
7/1/2010	---	789,250	789,250	---	789,250	---	---	---	N/A
7/1/2011	---	789,250	789,250	---	789,250	---	---	---	N/A
7/1/2012	100,000	789,250	889,250	45,100	---	844,150	231,105	613,045	0.27
7/1/2013	100,000	782,250	882,250	45,100	---	837,150	622,058	215,092	0.74
7/1/2014	100,000	775,250	875,250	45,100	---	830,150	741,733	88,417	0.89
7/1/2015	100,000	768,250	868,250	45,100	---	823,150	876,133	---	1.06
7/1/2016	100,000	761,250	861,250	45,100	---	816,150	911,229	---	1.12
7/1/2017	100,000	754,250	854,250	45,100	---	809,150	946,326	---	1.17
7/1/2018	145,000	747,250	892,250	45,100	---	847,150	1,102,952	---	1.30
7/1/2019	190,000	737,100	927,100	45,100	---	882,000	1,141,303	---	1.29
7/1/2020	200,000	723,800	923,800	45,100	---	878,700	1,141,303	---	1.30
7/1/2021	325,000	709,800	1,034,800	45,100	---	989,700	1,277,657	---	1.29
7/1/2022	350,000	687,050	1,037,050	45,100	---	991,950	1,277,657	---	1.29
7/1/2023	370,000	662,550	1,032,550	45,100	---	987,450	1,277,657	---	1.29
7/1/2024	520,000	636,650	1,156,650	45,100	---	1,111,550	1,426,654	---	1.28
7/1/2025	555,000	600,250	1,155,250	45,100	---	1,110,150	1,426,654	---	1.29
7/1/2026	595,000	561,400	1,156,400	45,100	---	1,111,300	1,426,654	---	1.28
7/1/2027	765,000	519,750	1,284,750	45,100	---	1,239,650	1,589,468	---	1.28
7/1/2028	820,000	466,200	1,286,200	45,100	---	1,241,100	1,589,468	---	1.28
7/1/2029	875,000	408,800	1,283,800	45,100	---	1,238,700	1,589,468	---	1.28
7/1/2030	1,080,000	347,550	1,427,550	45,100	---	1,382,450	1,767,379	---	1.28
7/1/2031	1,160,000	271,950	1,431,950	45,100	---	1,386,850	1,767,379	---	1.27
7/1/2032	1,240,000	190,750	1,430,750	45,100	---	1,385,650	1,767,379	---	1.28
7/1/2033	1,485,000	103,950	1,588,950	1,172,600	---	416,350	1,961,787	---	4.71
\$11,275,000 \$14,912,654 \$26,187,654 \$2,119,700 \$1,907,354 \$22,160,600 \$27,859,403 \$916,554									

(1) Assumes an interest rate of 7.0%
(2) Revenue Stream taken from 11/19/2008 MuniCap Projection #39

It is expected that approximately \$51,074,192 million in revenue will be generated from the financing, of which \$38,305,644 is earmarked to cover debt service. The tax increment financing method is implemented by first designating a tax increment finance district corresponding to the parcels of land benefitting from the proposed improvements. Property values are determined for these parcels, and assessments are "frozen" at that level for normal taxing purposes (see table below).

Tax Parcel	Land Value	Building Value	Total Assessed Value
027-0005-0000	\$307,400	\$61,100	\$368,500
027-0016-0000	1,302,800	1,592,700	2,895,500

027-0262-0000	810,200	8,400	818,600
027-0276-0000	306,200	450,700	756,900
027-0278-0000	280,000	60,500	340,500
027-0279-0000	2,127,700	5,792,700	7,920,400
027-0280-0000	1,038,700	1,491,900	2,530,600
027-0281-0000	173,900	0	173,900
Total			\$15,804,900

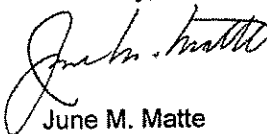
Type	Allocation Percentage	Base Value
For Sale Residential	5%	\$842,856
Rental Apartments	25%	\$3,932,473
Commercial	70%	\$11,029,571
Total		\$15,804,900

The actual values and assessments of those properties within the tax increment district increase due to the public improvements implemented in the designated areas. Increases in assessed value will result in an increment in tax revenue beyond the frozen base level, and this amount is then diverted to the Developer financing the improvements.

After having reviewed the Consultant's report, PFM believes that the conclusions presented are reasonable given the methodology employed and recognizing that there are limitations to this type of projected fiscal analysis. Overall, the Consultant has been reasonably conservative in the development of the assumptions utilized in the analysis.

Please feel free to contact me if you have any further questions.

Sincerely,



June M. Matte
Managing Director



City of Providence

Providence Department of
Planning and Development

400 Westminster Street
Providence, Rhode Island 02903

401 351 4300 OFFICE
401 351 9533 FAX

Thomas E. Deller AICP
Director

www.providenceri.com
www.providenceplanning.org

December 8th, 2008

Councilman John J. Igliazzi, Esquire
Chairman – Committee on Finance
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Re: ALCO Project

Dear Councilman Igliazzi:

This letter is in response to your letter of December 3rd, 2008 in which you raised a series of questions about the proposed Tax Incremental Finance Plan for the ALCO Project. Your letter was sent jointly to Eric Busch, Development Director for SBER and to me. Your questions were divided into three parts – Developer, Project, City. By this letter, I am responding to the questions addressed to the city.

At this time, I am taking the opportunity to forward additional information for your use. Attached to this letter is the following:

1. ALCO Project – Response to the December 3rd questions from Chairman Igliazzi
Attached to this information sheet is a series of letters expanding upon the reasons for the proposed TIF projects
2. The City of Providence – Agreed Upon Procedures Report
This is an independent accountant's review of the proposed TIF prepared by Restivo Monacelli LLP.
3. November 21st, 2008 letter from The PFM Group
This is a review, by the city's financial advisor, of the financial projections prepared by MuniCap, Inc. for SBER.

Please let us know if there is anything else that you need to complete your review of this project.

Sincerely,

Thomas E. Deller, AICP
Director

Attachments

PROVIDENCE THE CREATIVE CAPITAL

David N. Cicilline, Mayor

EDWARDS ANGELL PALMER & DODGE LLP

2800 Financial Plaza Providence, RI 02903 401.274.9200 fax 401.276.6611 capdlaw.com

December 8, 2008

Mr. Thomas E. Deller, Director
Providence Department of Planning and Development
400 Westminster Street
Providence, Rhode Island 02903

Re: Tax Increment Financing

Dear Thom,

You have asked me to answer a series of questions regarding tax increment financing.

1. Are TIF bonds a pledge of the full faith and credit of the City? No.

TIF bonds are special obligations payable only from the "project revenues," including, but not limited to the tax increment. "Project revenues" include any receipts of the City with respect to a project or the tax increment area relating to it such as tax increments, repayments of loans, investment earnings, proceeds of insurance, or disposition of property. TIF bonds are not general obligations payable from the full faith and credit and taxing power of the City.

2. What happens if there isn't enough tax increment to pay the TIF Bonds, who is liable, who must make up the short fall, what are the implications for the City?

Assuming that the City has not given a moral obligation pledge (discussed below), if project revenues including tax increment, are not sufficient to pay the TIF Bonds, the City has no legal obligation to pay the bonds. This limitation would be fully and prominently disclosed to any investors who might purchase the TIF Bonds. It may be argued that if the City's "name is on the TIF Bond" and if the TIF Bond goes into default, that such a TIF Bond default may have an adverse effect on the City's reputation as bond market participant and make it difficult or more expensive for the City to access the public debt markets in the future. As a legal matter, the City has no obligation to pay. While still not a legal obligation to pay the TIF Bonds, if the TIF Bonds carry the moral obligation of the City¹, there is a higher market expectation that the City will step up to the plate to pay the bonds.

¹ Moral obligation refers to any structure where the Mayor of the City covenants to include an amount necessary to pay the debt in the annual budget of the City and contains a best efforts covenant to seek the appropriation of the funds.

3. RIGL 45-33.2-2 permits the proceeds of TIF the Bonds to finance housing that is consider "low rentals", is workforce housing or is housing that is limited to families who make 100% or lower of AMI eligible for TIF funding?

RIGL 45-33.2-2 is the Legislative finding section of the TIF Act, which reads as follows:

§ 45-33.2-2 Legislative findings. – It is found and declared that for the public health, safety, morals, and welfare of the people of the state generally, the increase of their commerce, welfare, and prosperity and the improvement of their housing, employment and educational opportunities and general living conditions, as well as in order to remedy the conditions found to exist in the state as declared in § 45-31-3, it is essential to provide new employment opportunities to prevent, arrest, and alleviate blighted, decayed, and substandard areas in cities and towns, to increase the supply of housing available to homeowners and to tenants at low rentals, to increase the tax base, to encourage the development of undeveloped land in the town of West Greenwich, and to improve the general economy of the state; and that it is the purpose of this chapter to provide an additional and alternative means to cities and towns to fund and/or finance municipal and other public facilities and residential, commercial and industrial development and revitalization, home ownership; and programs to combat poverty, improve municipal and neighborhood living conditions and provide improved employment and educational opportunities, all to the public benefit and good, in the manner provided in this chapter.

Much of the language relates to improvement of living conditions. The TIF statute does not provide any state law standards regarding what constitutes low rental housing or low income housing. Probably the best way to respond to the question is to point out that the TIF statute permits funding for housing purposes. However, in order to issue bonds on a tax-exempt basis, the bonds would have to be issued as qualified housing bonds, the Project must satisfy various tax law requirements regarding percentage of low income units and income requirements.

4. Is the tax increment used to pay a TIF bond excluded from the levy cap? Yes, under certain circumstances.

In general, a tax increment shall be included in the calculation of the maximum tax a city or town may levy pursuant to the provisions of § 44-5-2 of the general laws (Former bill S. 3050 or the "Paiva-Weed Act"). During the last legislative session, the General Assembly adopted an amendment to the TIF Act, RIGL § 45-33.2-21 (the "TIF Amendment") which excludes a portion of the tax increment from such calculation for a period of time.

The TIF Amendment now permits tax increment revenues to be excluded to the extent that inclusion of a tax increment in a tax levy causes a municipality to exceed the maximum levy. Such excess shall be excluded from such calculation for a period not to exceed twenty-five (25) years if:

- (1) Such excess tax increment is allocable to: (a) the payment of the principal of or interest on any special obligation bonds issued under the provisions of § 45-33.2-6, to fund certain types

of projects described in subdivisions 45-33.2-3(2)(i), (ii) or (iii); (b) any requirement to fund any reserve or satisfy any other financial requirement in connection with the issuance of such bonds; or (c) any payments made to directly fund certain projects; and

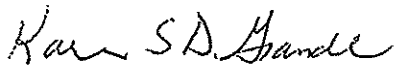
(2) The project is determined by the division of property valuation in the department of revenue to be: (a) within or contiguous to the tax increment area; or (b) substantially related to the improvements giving rise to the tax increment; or (3) reasonably necessary to assure the private investment required to generate the tax increment.

5. If an ordinance adopting the Project Plan is not approved until January, can the City set December 31, 2007 as the Base Date under the TIF Act? No

Current law provides that the "Base Date" from which to calculate the tax increment is the last assessment date next preceding the adoption of the project plan. In Providence, taxes are assessed on the last day of December of each year. Therefore, if the Project Plan is adopted before December 31, 2008, the Base Date for calculation of the increment will be December 31, 2007 and the assessed value of any improvements made after the Base Date will be included in the calculation of the tax increment. If the Project Plan is adopted after December 31, 2008, the Base Date will be December 31, 2008 and the tax increment will not include the assessed value of any improvements made prior to the Base Date. Ideally, the City wants to have as much of the increase in assessed value as possible included in the tax increment. By postponing the adoption of the Project Plan, the City will lose the opportunity to include assessed value increases during calendar year 2008 in the tax increment.

The TIF Act outlines all of the steps required for the proper adoption of a project plan, and other requirements of issuing TIF Bonds, including consultation between the redevelopment agency and the planning commission prior to submission to the city council, and a report from the planning commission regarding conformity with the comprehensive plan, publication requirements and public hearing requirements. You should note that as I have not been involved in the development and approval process of the Project Plan, that I cannot express any opinion regarding the extent to which requirements of the TIF Act have been satisfied.

Very truly yours,



Karen S.D. Grande, Esq.

American Locomotive Works (ALCO) Project
Response to the December 3rd, 2008 Questions from Chairman Iglizzi

1. Legal opinion . . . that analyzes the city's liabilities and responsibilities associated with the bond, i.e., any scenarios in which the city would be responsible for repayment of the bond if the tax revenues fall short, and the impact on the city's bond rating if the developer subsequently defaults on the bond payments.

See Attachment 1 - Letter from Karen S. D. Grande of Edwards and Angell

2. Independent assessment of the public benefit of the project

This project consists of several parts and as a result, the public benefit statements will be supplied by different independent organizations. We are working on obtaining these statements. Attached or to be supplied are:

- *Attachment 2a – Riverwalk and Permeable Reactive Barrier Wall – a letter from Woonasquackett Watershed Council*
- *Attachment 2b – Traffic Light (River Avenue) - As part of the Land Development approval process, SBER was required to have an independent assessment of traffic carried out. This assessment completed by Fuss and O'Neil identified the deficiencies in traffic flow at the intersection of Valley Street and River Avenue and called for the installation of an upgraded traffic light. The plans were reviewed and approved by the city's Traffic Engineer. Attached are the letter from the City Plan Commission requiring the developer to work with the city traffic engineer on traffic issues and a letter from the city's traffic engineer approving the traffic light. The full traffic analysis is available for review.*
- *Attachment 2c - Affordable and Workforce Housing benefit – a letter from Rhode Island Housing*
- *Attachment 2d - Job Creation and Economic Development Fund – a letter from CB Richard Ellis*

3. Explanation for how the bond will be guaranteed

The TIF bond is not a pledge of the full faith and credit of the city, but a pledge of the tax increment that is expected from the TIF District; therefore the city is not responsible for any short fall in tax increment (See Number 1 above). We will create a TIF assessment that would be imposed if there is a short fall in tax increment. This assessment would be collected like taxes and would be assessed on the properties in the TIF District. The assessment would be proportionally allocated to all the properties in the TIF District. Failure to pay the TIF assessment would result in a tax lien against the property.

4. Projected new tax revenue for the city over 25 years

See Attachment 4 - Schedule XII page 26 prepared by Municap for SBER attached.

5. Estimated annual payments on all City go bonds, how many bonds the city holds and how much is owed; current debt to bond ratio

Currently, the City has \$105.075 million in outstanding GO bonds with a capacity of \$277 million. See attachments for estimated annual debt service payments and detailed calculations of the City's debt capacity (debt to bond ratio). See Attachments 5a – Calculation of Debt Limit and 5b – Debt Payment Schedule.



WOONASQUATUCKET RIVER WATERSHED COUNCIL

Donald T. Burns November 21, 2008
President

Smithfield Providence City Council

Bruce G. Hooke City Council Office
Vice President 25 Dorrance Street

Providence Room 310

Jean Lynch Providence, RI 02903-3215
Secretary

Johnston

Re: American Locomotive Works Hearing scheduled for Monday, November 24, 2008

Joe Baer
Providence

Dear City Council:

Maurice Bourget On Thursday, November 6, 2008, Eric Busch of American Locomotive Works (ALCO) and
North Smithfield Frank Shea of Olneyville Housing Corporation attended the Woonasquatucket River Watershed
Council's (WRWC) regularly scheduled board meeting to present plans for the ALCO property
including their TIF bond proposal to assist in funding plan implementation.

Donald P. Gagnon
North Smithfield

Eugenia Marks Following the presentation, the WRWC board met privately to discuss the proposal. As a result,
Providence the board directed me to submit this letter to the City Council regarding the ALCO proposed
plans.

Paul McElroy
North Providence

Jane B. Sherman Regarding the environmental improvements on the ALCO property, the "Riverwalk" and the
Providence "Permeable Barrier Wall", WRWC would like to make it known that we strongly support these
measures. The "Riverwalk" will provide much needed public access to passive enjoyment and
environmental protection of the Woonasquatucket River. The "Permeable Barrier Wall" will
eliminate chromium inputs to the Woonasquatucket from the ALCO site. Heavy metal
contamination has long been a priority pollution concern for the health and safety of the
Woonasquatucket River, therefore, WRWC urges the City Council to support this property
improvement measure as we do.

Alicia J. Lehrer
Executive Director

Lisa Aureochia
Program Director

Regarding the TIF funding proposal on the table to assist with ALCO site plans, the WRWC
board is not in a position to comment. Our board and staff have no expertise in this area.

The WRWC sends apologies that neither board nor staff members were available to attend the
November 24, 2008 hearing. However, with this letter we wish to make our position known to
the Council.

Sincerely,

Alicia J. Lehrer
Executive Director

JOHN D. NICKELSON, P. E.
Director



DAVID N. CICILLINE
Mayor

Department of Public Works
Division of Traffic Engineering
"Building Pride in Providence"

June 11, 2007

Struever Bros. Eccles & Rouse, Inc
Mr. Eric Busch, Development Director
166 Valley Street
Providence, RI 02909

Re: American Locomotive Traffic Memo of May 4, 2007

Dear Mr. Busch:

The Division of Traffic Engineering has reviewed the Phase II Traffic Statement presented in a memorandum dated May 4, 2007. Based on this review, I have determined that the proposed improvements to the traffic signal at the intersection of Valley Street and River Ave as well as the westbound left turn lane into the River Ave Extension must be completed as part of the Phase II development program.

I understand that SBER is contemplating site access changes as part of the Phase III development program. The Traffic Engineering Division will review any proposed changes to site access as part of the Phase III approval process. Should SBER submit for Phase III approval before the completion of construction on Phase II (including traffic improvements) the Traffic Engineering Division will review any proposed changes to site access at that time, including a reevaluation the required Phase II improvements.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Bernard Lebby".

E. Bernard Lebby
Traffic Engineer

cc: Thomas E. Deller, Planning and Development



Providence City Plan Commission

DAVID N. CICILLINE
Mayor

August 22, 2006

Anna M. Stetson, City Clerk
Office of the City Clerk
Providence City Hall
25 Dorrance Street
Providence, RI 02903

**Re: Notice of Approval and Notice of Appeal for Major Land Development Project
06-051MA, American Locomotive at 555 Valley Street (Phase 1)**

Dear Ms. Stetson:

In accordance with Rhode Island General Laws Section 45-23-67, the City Plan Commission is required to post its decision on major and minor subdivisions and land development projects in the Office of the City Clerk to begin the 20-day appeal period. Therefore, this letter serves as notice that a decision has been rendered on the subject matter. **This letter must be posted in your office for a period of 20 days, beginning with the day you receive this letter.** Any appeals to this decision must be immediately transmitted to this Department. If no appeals are filed, this letter may be removed from your bulletin board 20 days after it has been posted.

The Commission approved the Preliminary Plan for the subject Major Land Development Project on Tuesday, July 25, 2006.

The Commission made the following findings of fact:

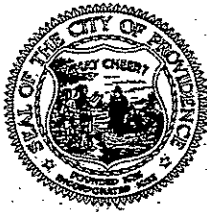
1. *Consistency - The proposed development is consistent with the Comprehensive Plan and/or has satisfactorily addressed the issues where there may be inconsistencies.*

The subject property is identified as Limited Manufacturing in Providence 2000: The Comprehensive Plan. These areas are intended to accommodate a variety of uses that do not pose toxic, explosive or environmental hazards. The proposed reuse of the American Locomotive site with a mixture of commercial, residential, and office uses is consistent with this designation.

2. *Compliance with Zoning Ordinance - The proposed development is in compliance with the standards and provisions of the Zoning Ordinance.*

The proposed project is consistent with the use and dimensional requirements of the M-1

400 WESTMINSTER STREET - PROVIDENCE, RHODE ISLAND 02903-3215 - (401)351-4300 - FAX (401)351-9533
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Providence City Plan Commission

DAVID N. CICILLINE
Mayor

August 22, 2006

Anna M. Stetson, City Clerk
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The proposed project is consistent with the use and dimensional requirements of the M-1

zone. The plan supplies 524 parking spaces, exceeding the requirement of 417 parking spaces for the 208,000 sq. ft. of office and retail space proposed. Per a condition of the Master Plan approval, the applicant has developed both temporary and permanent landscaping plans, both of which conform to Section 425 of the ordinance

3. *Environmental Impact - There will be no significant environmental impacts from the proposed development as shown on the final plan, with all required conditions for approval.*

Through environmental remediation of the site, the creation of pervious surfaces, and improvements to the stormwater runoff system, the applicant will improve environmental conditions on the site.

4. *Buildable Lot - The subdivision or development project, as proposed, will not result in the creation of individual lots with such physical constraints to development that building on those lots according to pertinent regulations and building standards would be impracticable. (Buildable Lot is defined as "A lot where construction for the use(s) permitted on the site under the Zoning Ordinance is considered impracticable by the City Plan Commission, considering the physical constraints to development of the site as well as the requirements of pertinent federal, state and local regulations.") Lots with such physical constraints to development may be created only if identified as permanent open space or permanently reserved for a public purpose on the approved, recorded plans.*

There will be no physical constraints that impact redevelopment of this property.

5. *Street Access - All proposed development projects and all subdivision lots shall have adequate and permanent physical access to a public street. Lot frontage on a public street without physical access shall not be considered compliance with this requirement.*

Adequate street access is provided.

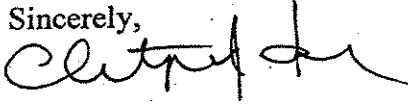
Based on the findings of fact, the City Plan Commission voted to approve the Preliminary Plan Stage for Phase 1 subject to the following conditions:

1. The proposed east-west road through the site shall be designated a private driveway. Whether the road becomes a public right of way shall be addressed at a later date.
2. Trees along the intrenal driveway shall be added either in future phases or if and when it the driveway becomes a public road.
3. The applicant shall work with the Traffic Engineer to upgrade or install signals at the Valley Street intersections with River Ave. and Eagle Street. These improvements are to be made at a time to be determined by the Traffic Engineer. The applicant shall continue to meet with the Department of Planning and Development and the Traffic Engineer to review traffic conditions as the development proceeds, determine key issues, mitigation measures, and the scope of work for additional traffic studies for the various phases of development. The Commission reserves the right to require updates to the study of traffic conditions as deemed necessary as additional phases are brought forward for review and approval.
4. The applicant shall incorporate the comments made by the City Forester regarding the landscaping plan.

5. Approval of the Final Plan shall be subject to the applicant submitting to staff all outstanding requirements, including approvals from CRMD, DPW, and RIDEM. Should there be any substantial change in the plan due to requirements of state or city agencies, the Final Plan shall be brought back before the Commission.

Once the conditions are fulfilled the applicant is required to submit a complete Final Plan set on Mylar to the Planning Division for approval by the Chair and the Administrative Officer.

Sincerely,



Christopher J. Ise
Administrative Officer

cc: Jannice Ashley, for the Applicant, American Locomotive Works
Richard A. Licht, for the owners, Jacob Licht, Inc., Emeline Co. and Licht Family
Realty Associates
Douglas Still, Department of Public Parks



Rhode Island Housing

working together to bring you home

December 8, 2008

Mr. Thomas Deller
Planning and Development Director
City of Providence
400 Westminster Street
Providence, RI 02903

Dear Mr. Deller,

Recent events and press coverage might suggest that the affordability crisis in housing is over. However, here in Rhode Island we do not have enough homes to adequately house our residents. Many existing urban homes, especially multi-family ones, are being destroyed by the foreclosure and abandonment process. Before the housing crisis is cured, Rhode Island will likely lose several thousand homes. Through September of this year alone, Providence experienced over 1,000 actual foreclosures—63% of which are two-to-five family homes. It is estimated that for every single-family owner facing the loss of their home to foreclosure, approximately another 4-5 renter households are losing their residence to eviction due to foreclosure.

Since the State Strategic Housing Plan identified a gap of almost 13,000 affordable homes in 2005 only about 700 affordable homes have been completed. Rhode Island has consistently ranked in the bottom five nationally in new building permit activity. Furthermore, nationally Rhode Island still has the biggest gap between what people earn and homes cost. The average Rhode Island renter hourly wage in 2007 was \$11.61, when in reality the wage required to afford the average rent was \$19.79. In terms of income needed to afford a median priced home, as of September 2008, it was still \$74,000 a year while median Rhode Island annual household income is approximately \$53,568.

While the state has seen some recent declines in housing market activities, including costs in some areas, we are a long way off from having solved this problem for the majority of our Rhode Island households who need affordable homes. We support the continued production of homes average working families can afford.

Sincerely,



Amy Rainone
Director of Policy

Jay Fluck
Executive Vice President/Partner
T 401.621.4333
F 401.831.3903
jay.fluck@cbre-ne.com

December 8, 2008

Mr. Thomas E. Deller
Director
Department of Planning and Redevelopment
400 Westminster Street, 6th Floor
Providence, RI 02903

RE: ALCO TIF

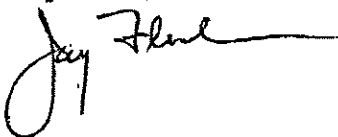
Dear Mr. Deller;

Providence is competing with cities all across this country for new, high-growth businesses and well-paying jobs. In this economy, the work is even more difficult.

ALCO remains one of the few technology based sites in our city with a 'footprint' expansive enough to allow sizeable renovation or new construction. Given the inherent costs of locating a business in the city, higher land costs and rental rates, higher taxes and brownfields issues. The resulting rent cost reduces our competitiveness when compared to the suburbs.

The proposed Job Creation/Economic Development Fund that is part of the ALCO TIF will permit us to competitively negotiate lower rents with technology companies relocating to the city and significantly raise our city's competitive edge. The impact would be long-term, and the bottom line would be more tax revenue, higher-paying jobs and a stronger quality of life for area families and neighborhoods.

Respectfully submitted,



Jay Fluck
Executive Vice President RI/Partner

JF7302-alco.tif

**THE CITY OF PROVIDENCE
AGREED-UPON PROCEDURES REPORT**

**INDEPENDENT ACCOUNTANTS REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the City of Providence
Department of Planning and Development
Providence, RI 020903

RE: American Locomotive Works TIF District
Providence, RI
TIF Bond Projections-Project No. 59

We have performed the procedures enumerated below, which were agreed to by the City of Providence Department of Planning and Development, solely to assist you with respect to the report prepared by MuniCap, Inc. that projects the net revenue available from incremental tax proceeds generated from the development of the residential and commercial project known as American Locomotive Works and debt service payments to repay the bond proceeds used to fund public improvements and bond issuance costs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and findings are as follows:

- We read the report prepared by MuniCap, Inc. and noted the following in preparation of the computation of the PILOT revenue to support the annual debt service of the projected bond:
 - Total sources and uses of bond funds as detailed in Exhibit A.
 - Bond assumptions as detailed on Exhibit B.
- We noted the following assumptions:
 - The property tax increment revenue.
 - Commercial tax treaty and phased in PILOT proceeds.
 - Bond amortization assumptions.
 - Residential tax rate of 8% for rentals.
 - Revised development summary, tax rates, and base parcel valuations.
 - Updated fiscal impact and projected revenues and tax incremental revenues by parcel.

36 Exchange Terrace Providence, RI 02903-1743 T 401.273.7600 F 401.421.6799
20 Park Plaza, Suite 400 Boston, MA 02116-4326 T 617.948.2111 F 617.948.2501

Member



A worldwide association of independent accounting firms

- We recalculated and traced assumptions to the projections and computations used to calculate the available debt service by parcel available to amortize the bond over the projected life assuming the terms projected in Exhibit B. No exceptions were noted.
- We recalculated the additional annual costs to the City of Providence as a result of the proposed development. We noted the following:
 - Based on interviews management conducted with Department of Finance Deputy Director and CFO of City Public Schools, the development will not have an impact on the following departments:
 - City Sergeant, Law Department, Municipal Court, Probate Court, contingencies, Housing Court, Finance Department (excluding street lighting), Commissioner of Public Safety, Department of Communications, building inspections, Department of Public Works (excluding environmental control - street sweeping, snow removal and sewer construction), parks, school department, recorder of deeds, vital statistics, board of licenses, emergency management, Planning and Development, City Council administration, Office of Internal Auditor, archives, Department of Human Services, Office of Arts, Culture and Tourism and P.E.R.A.
- We noted that the additional projected net revenue for all of the parcels to the City of Providence over thirty years from the proposed development after servicing debt and projected annual costs and verified the mathematical accuracy.
- We noted that the calculations in the report are based on projected assumptions of development timing, lease up assumptions, projected tax revenue rates, inflation rates and various other assumptions. These assumptions are management's best estimate of the projected results based on management's knowledge and third party information. Due to the nature of projections, actual results will be different than projections and the differences could be material.

Based upon the agreed upon procedures and findings outlined above, nothing came to our attention that indicates that the projections do not fairly represent the projected results based upon the assumptions used to prepare the report.

We were not engagement to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Providence and the Department of Planning and Development and is not intended to be and should not be used by anyone other than those specified parties.

Restivo Monacelli LLP

November 20, 2008

EXHIBIT A**SOURCES AND USES OF FUNDS AND BOND ISSUANCE ASSUMPTIONS****Sources of funds:**

Total bond proceeds	\$ 11,456,000
Interest earned in the improvement fund	<u>117,410</u>
Total sources of funds	<u>\$ 11,573,410</u>

Total uses of funds:

Public improvements	\$ 7,309,703
Issuance costs	1,095,477
Underwriter's discount	229,120
Capitalized interest	1,793,457
Reserve fund	1,145,600
Rounding	53
Total uses of funds	<u>\$ 11,573,410</u>

BOND ASSUMPTIONS

Maturity	24.42 years
Interest	2.42 years
Amortization	22 years
Bond coupon rate	7.00%
Reinvestment rates:	
Reserve fund	4.00%
Improvement fund	3.00%
Capitalized interest account	3.00%
Date bonds issued	1-Feb-09
Dates payments due:	
Interest	January 1 and July 1
Principal	July 1
Capitalized interest:	
Interest funded through	1-Jul-11
Months interest funded	29



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

99 Summer Street
Suite 1020
Boston, MA 02110-1240

617-330-6914
617-951-2361 fax
www.pfm.com

November 21, 2008

Thomas Deller,
Director of Planning and Development
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Dear Mr. Deller:

Public Financial Management, Inc. ("PFM"), as financial advisor to the City of Providence (the "City") has been asked by the City to review the study dated November 11, 2008, (the "Study") prepared by MuniCap, Inc. (the "Consultant") to Eccles & Rouse, Inc. (the "Developer") of the proposed American Locomotive Works (the "Project"), which projects the expected revenues generated from the proposed financing and measures the projected impact of the Project on the City's overall fiscal condition. The Study was undertaken by MuniCap, Inc., an economic consulting firm based in Baltimore who specializes in these types of economic impact studies as they relate to major real estate developments.

The Study examines a number of areas related to the Project development, including the projection of City revenues generated by residential taxes, commercial taxes, and personal property taxes attributable to the American Locomotive Works TIF District. The Study also projects additional revenues that would accrue to the City as a result of the development over time. In addition, the Study estimates other tax revenue, both one time and reoccurring, which will also be available to support City sponsored debt for the Project. Using the assumptions provided by the Consultant, we present the following findings:

PROJECT PLAN

The project plan presents an estimate of the project costs and the amounts and sources and uses of funds to be used to defray those costs and includes provisions for tax increment funding and/or financing of project costs in whole or in part. The project plan calls for the construction of a Riverwalk, Traffic Light, Permeable Reactive Barrier, Workforce Housing, Affordable Housing, and Job Creation (see the chart below for an itemized description of the project costs).

Project Costs	
Riverwalk	\$596,745
Traffic Light (River Ave)	\$61,567
Permeable Reactive Barrier Wall	\$451,391
Workforce Housing	\$1,125,000
Affordable Housing (MBS/OHC)	\$4,375,000
Job Creation/Econ. Development Fund	\$700,000
Total	\$7,309,703

The estimated amount of indebtedness to be incurred is \$11.275 million. The debt service projection assumes an interest rate of 7% with level debt service maturing from 2009 to 2033. Interest is capitalized in fiscal years 2009-2011, so the first principal payment will be made in fiscal year 2012. The Public Improvement Fund has been net funded such that the initial deposit of \$7,193,012, together with interest earnings at 3%, equal the total project cost, assuming funds are disbursed in equal installments to February 1, 2010. See the chart below for sources and uses of funds.

Sources	
Par	\$11,275,000
Estimated Use of Funds	
Public Improvements	7,193,012
Debt Service Reserve Fund	1,127,500
Capitalized Interest	1,722,676
Cost of Issuance	1,000,000
Underwriter's Discount	229,120
Rounding	2,692
Total	\$11,275,000

The debt service coverage for the TIF financing is shown below. In fiscal years 2012-2014, the Developer will need to cover the debt service shortfall until sufficient revenue is generated from the project (see "Coverage Ratio" in the chart below).

Period Ending	Principal	Interest ⁽¹⁾	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest	Net Debt Service	Estimated Revenue Stream ⁽²⁾	Approximate Minimum PILOT	Coverage Ratio
7/1/2009	---	328,854	328,854	---	328,854	---	---	---	N/A
7/1/2010	---	789,250	789,250	---	789,250	---	---	---	N/A
7/1/2011	---	789,250	789,250	---	789,250	---	---	---	N/A
7/1/2012	100,000	789,250	889,250	45,100	---	844,150	231,105	613,045	0.27
7/1/2013	100,000	782,250	882,250	45,100	---	837,150	622,058	215,092	0.74
7/1/2014	100,000	775,250	875,250	45,100	---	830,150	741,733	88,417	0.89
7/1/2015	100,000	768,250	868,250	45,100	---	823,150	876,133	---	1.06
7/1/2016	100,000	761,250	861,250	45,100	---	816,150	911,229	---	1.12
7/1/2017	100,000	754,250	854,250	45,100	---	809,150	946,326	---	1.17
7/1/2018	145,000	747,250	892,250	45,100	---	847,150	1,102,952	---	1.30
7/1/2019	190,000	737,100	927,100	45,100	---	882,000	1,141,303	---	1.29
7/1/2020	200,000	723,800	923,800	45,100	---	878,700	1,141,303	---	1.30
7/1/2021	325,000	709,800	1,034,800	45,100	---	989,700	1,277,657	---	1.29
7/1/2022	350,000	687,050	1,037,050	45,100	---	991,950	1,277,657	---	1.29
7/1/2023	370,000	662,550	1,032,550	45,100	---	987,450	1,277,657	---	1.29
7/1/2024	520,000	636,650	1,156,650	45,100	---	1,111,550	1,426,654	---	1.28
7/1/2025	555,000	600,250	1,155,250	45,100	---	1,110,150	1,426,654	---	1.29
7/1/2026	595,000	561,400	1,156,400	45,100	---	1,111,300	1,426,654	---	1.28
7/1/2027	765,000	519,750	1,284,750	45,100	---	1,239,650	1,589,468	---	1.28
7/1/2028	820,000	466,200	1,286,200	45,100	---	1,241,100	1,589,468	---	1.28
7/1/2029	875,000	408,800	1,283,800	45,100	---	1,238,700	1,589,468	---	1.28
7/1/2030	1,080,000	347,550	1,427,550	45,100	---	1,382,450	1,767,379	---	1.28
7/1/2031	1,160,000	271,950	1,431,950	45,100	---	1,386,850	1,767,379	---	1.27
7/1/2032	1,240,000	190,750	1,430,750	45,100	---	1,385,650	1,767,379	---	1.28
7/1/2033	1,485,000	103,950	1,588,950	1,172,600	---	416,350	1,961,787	---	4.71
	\$11,275,000	\$14,912,654	\$26,187,654	\$2,119,700	\$1,907,354	\$22,160,800	\$27,859,403	\$916,554	

(1) Assumes an interest rate of 7.0%

(2) Revenue Stream taken from 11/19/2008 MuniCap Projection #39

It is expected that approximately \$51,074,192 million in revenue will be generated from the financing, of which \$38,305,644 is earmarked to cover debt service. The tax increment financing method is implemented by first designating a tax increment finance district corresponding to the parcels of land benefitting from the proposed improvements. Property values are determined for these parcels, and assessments are "frozen" at that level for normal taxing purposes (see table below).

Tax Parcel	Land Value	Building Value	Total Assessed Value
027-0005-0000	\$307,400	\$61,100	\$368,500
027-0016-0000	1,302,800	1,592,700	2,895,500

027-0262-0000	810,200	8,400	818,600
027-0276-0000	306,200	450,700	756,900
027-0278-0000	280,000	60,500	340,500
027-0279-0000	2,127,700	5,792,700	7,920,400
027-0280-0000	1,038,700	1,491,900	2,530,600
027-0281-0000	173,900	0	173,900
Total			\$15,804,900

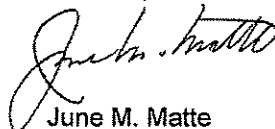
Type	Allocation Percentage	Base Value
For Sale Residential	5%	\$842,856
Rental Apartments	25%	\$3,932,473
Commercial	70%	\$11,029,571
Total		\$15,804,900

The actual values and assessments of those properties within the tax increment district increase due to the public improvements implemented in the designated areas. Increases in assessed value will result in an increment in tax revenue beyond the frozen base level, and this amount is then diverted to the Developer financing the improvements.

After having reviewed the Consultant's report, PFM believes that the conclusions presented are reasonable given the methodology employed and recognizing that there are limitations to this type of projected fiscal analysis. Overall, the Consultant has been reasonably conservative in the development of the assumptions utilized in the analysis.

Please feel free to contact me if you have any further questions.

Sincerely,



June M. Matte
Managing Director

American Locomotive Company (ALCO)
Tax Incremental Financing and Tax Stabilization Agreement Requests
Overview

Struever Brothers Eccles and Rouse (SBER) has requested the city to participate in the redevelopment of the former Uniroyal and Nicholson File properties in the Valley Neighborhood through a Tax Incremental Financing Plan (TIF). Additionally, SBER is requesting a series of Tax Stabilization Agreements (TSA) to insure tax predictability and to assist in the attraction of businesses to the project. The following is a summary of the requests.

Promenade Center Redevelopment Project and Tax Increment Financing Plan

By law, a TIF consists of two parts, a redevelopment plan and the TIF plan.

A. Overview of Redevelopment Plan

- Defines a Redevelopment Project Area- from Eagle Square to Rt. 95. Updates the 1980's Promenade Redevelopment plan.
- Provides the PRA with the tools and authority to eliminate conditions of blight by providing needed public improvements, encouraging rehabilitation and repair of deteriorated structures, facilitating land assembly and redevelopment, and providing financing for certain public improvements.
- Provides for revitalization of the area, increased employment opportunities for local citizens and tax base expansion.
- Encourages growth of existing businesses and attraction of new businesses.

B. Overview of Tax Increment Financing Plan

- Defines Tax Increment Area- Encompasses American Locomotive and Nicholson File projects
- Proposed Improvements to be Paid for by TIF

Riverwalk	\$597,000
Traffic Light (River Ave)	\$62,000
Permeable Reactive Barrier Wall	\$451,000
Workforce Housing	\$1,125,000
Affordable Housing (MBS/OHC)	\$4,375,000
Job Creation/Econ. Development Fund	\$700,000

TOTAL \$7,310,000

C. Summary of Development within the Tax Increment Area

- **Nicholson File**
 1. Office: 81,000 s.f.
 2. Retail: 142 s.f.
 3. Market-rate rental units: 78
 4. Workforce rental units: 20
- **American Locomotive**

1. Office: 238,044 s.f.
2. Commercial: 85,000 s.f.
3. Retail: 30,138 s.f
4. Market-rate rental units: 145
5. Workforce rental units: 25
6. Affordable rental units: 85
7. Workforce for-sale units: 5
8. Market-rate for-sale units: 20

D. TIF Guarantee – As part of the TIF, SBER will be responsible for payment of bond cost shortfall

E. Buy Providence/First Source, MBE-WBE, Buy Providence - Mandatory

F. Framework of TIF

- ❖ Trustee Manages TIF
 - Tax Collection
 - All taxes to be paid to Trustee
 - Trustee pays base tax plus 25% of the tax increment to the city prior to making any bond payments. After bond payments are made, any amount in excess of the bond payment are paid to City
 - Trustee makes bond payments
 - TIF Improvements
 - Trustee pays contractors for work approved by the Providence Redevelopment Agency
- ❖ Providence Redevelopment Agency manages expenditure of bond dollars
 - Approves work to be carried out
 - Approves reimbursement requests
 - Forwards approvals to Trustee to pay bills

Tax Stabilization Requests –

An Ordinance To Establish And Grant A Tax Stabilization Plan For Jacob Licht Inc. On Behalf Of Tax Assessor's Lots 5 And 16 Of Plat 27, Being Designated The Jacob Licht Alco Project

Residential

- 78 Market Rate Units
- 20 Workforce Units - limited to 100% of AMI and below
- Stabilization: taxes to be based on 8% of projected rental income

Commercial

- 81,000 sq/ft Commercial
- 142 sq/ft retail
- No commercial stabilization

Compliance with all applicable city requirements

- MBE/WBE
- First Source
- Buy Providence

Compliance with rental rates and other requirement to be monitored by Planning & Development

For Alco 85 Llc On Behalf Of Tax Assessor's Lot 279 Of Plat 27, Being Designated The Alco 85 Llc Project

Residential

- None

Commercial

- 245,180 sq/ft of Commercial
- 25,950 sq/ft of Retail
- Stabilization: 80,000 sq/ft of the total commercial to be stabilized. The stabilization will work as follows: space is held at unimproved value until Certificate of Occupancy is issued; value of improvements to be phased in at 10% per year, until at full value. United Natural Foods Incorporated is to rent 54,000 square feet of this space as of May 2009. The remaining space will require approval from Planning & Development, Tax Collector, Director of Finance and Building Inspector as acceptable tenants are identified.
- This stabilization will not be applicable to any enterprise already located in the City of Providence

Compliance with all applicable city requirements

- MBE/WBE
- First Source
- Buy Providence

Compliance with requirements to be monitored by Planning & Development

An Ordinance To Establish And Grant A Tax Stabilization Plan For Gnl Realty Eagle Llc, Ral Realty Limited Partnership, Barbara Rubin, And Betty Licht Krum, As Tenants In Common On Behalf Of Tax Assessor's Lots 276, 280, And 281 Of Plat 27, Being Designated The Alco Lot 261 Project Proposed Development

Residential

Lot 280

- 85 Affordable Rental Units - limited to 60% of AMI and below
- 25 Workforce Rental Units - limited to 100% of AMI and below
- 145 Market Rental Units
- Stabilization: Value to be held at unimproved value until Certificate of Occupancy is issued. Taxes to be based on 8% of projected rental income. Affordability restrictions and stabilization to stay in effect for 25 years from adoption of ordinance.
- Profit Sharing: 50% of the profit realized from the operation of the newly constructed 132 unit mixed income development shall be split between the City of Providence, the State of Rhode Island and RI Housing based on the percent of their investment into the development. The proceeds shall be paid to the

Providence Housing Trust for the development of additional affordable housing in the City.

Lot 281

- 5 Workforce Residential for sale units
- 20 Market Residential for sale units
- Stabilization: Value to be held at unimproved value until Certificate of Occupancy is issued. If units are rented prior to sale, taxes to be based on 8% of projected rental units. Once units are sold, taxes are based on full value.

Commercial

Lot 276

- 54,512 sq/ft Commercial
- Stabilization: Will require approval from Planning & Development, Tax Collector, Director of Finance and Building Inspector as acceptable tenants are identified. After approval process, value to be held at unimproved value until Certificate of Occupancy is issued. Value of improvements to be phased in at 10% per year, until at full value.
- This stabilization will not be applicable to any enterprise already located in the City of Providence

Compliance with all applicable city requirements

- MBE/WBE
- First Source
- Buy Providence

Compliance with rental rates and other requirement to be monitored by Planning & Development