

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 2001-55

No. 729

AN ORDINANCE

ESTABLISHING A TAX
STABILIZATION PLAN FOR
ALICE BUILDING, LLC, AS
AMENDED

Approved December 28, 2001

Be it ordained by the City of Providence:

WHEREAS, the City Council, pursuant to the General Laws of the State of Rhode Island, as amended, has the authority to exempt property in the designated Downcity Tax District used for commercial purposes from the payment of property tax if the granting of the exemption meets certain conditions set forth in said sections of the General Laws of the State of Rhode Island and the Code of Ordinances of the City of Providence; and

WHEREAS, Alice Building, LLC has made application under, and has satisfied each condition of the above-mentioned Ordinance; and

WHEREAS, it is in the public interest to provide property tax incentives for owners of under utilized property in the Downcity District in order that there may be substantial rehabilitation of the properties and attract new residential, commercial, and institutional uses. It is also in the public interest to offer these incentives for a limited duration; and

WHEREAS, Alice Building, LLC is a commercial concern who intends to convert its building in the City of Providence to residential use, on Assessor's Plat 20, Lot 157 and ("Project");

WHEREAS, the Project will cause an increase in the tax base of the City and will increase residential apartments in the DownCity Arts & Entertainment District in the City; and

WHEREAS, it is in the interest of the residents of the City of Providence to grant such an exemption to induce the development and construction of the apartments in the City, and such exemption will inure to the benefit of the City;

Be It Ordained by the City of Providence:

Section 1. That the findings set forth in the preceding WHEREAS Clauses are hereby made and confirmed.

No.

CHAPTER

AN ORDINANCE

THE COMMITTEE ON
FINANCE
Approves Passage of
The Within Ordinance, as Amended

Anna M. Stetsu
12-11-01 Clerk

THE COMMITTEE ON
FINANCE
Approves Passage of
The Within Ordinance, as Amended

Anna M. Stetsu
8-28-01 Clerk

IN CITY COUNCIL
Oct 19, 2001
FIRST READING
REFERRED TO COMMITTEE ON
FINANCE

Michael R. Clement
ans

THE COMMITTEE ON

Finance

Recommends - Set up Public Hearing

May 16, 2001 Clerk

June 27, 2001 - Public Hearing held

Council President Lombardi

Section 2. Definitions. The following terms shall have the meanings set herein:

- (a) "Commencement Date" shall mean date of passage of this Ordinance.
- (b) "Personal Property" means any and all tangible personal property, including, but not limited to all fixtures, equipment, furnishings, vehicles and other personal property, now or hereafter located at the Project Site.
- (c) "Project Owner" means Developer or any successor permitted hereunder.
- (d) "Project Site" means the property located on Plat 20, Lot 157.
- (e) "Project Taxable Properties" means, collectively, the Project Site as proposed, the Real Property Improvements as made on the assumptions in the attached exhibit and the Personal Property as proposed, together, constituting the Project.
- (f) "Real Property Improvements" means all structures, buildings, renovations and improvements currently proposed to be located at the Project Site. Any material additional improvements, excluding customary repairs and renovations, shall require a modification of this Treaty.
- (g) "Project" means the Project Site, the real property improvements in connection with the construction and operation of residential units attached as Exhibit A.
- (h) "Stabilized Tax Payment" means, with respect to the Project Taxable Properties, the amounts listed on the attached schedule.
- (i) "Termination Date" means June 30, of the tenth year in which Stabilized Tax Payments are payable hereunder, as per the attached schedule.

Section 3. Term. The Term of this agreement shall be for a period commencing on the date hereof and terminating on the Termination Date per the attached schedule.

Section 4. Transfers. As long as Alice Building, LLC owns or operates the facility, it will continue to pay taxes on the facility. Alice Building, LLC, its successors and assigns, agrees that this property will be subject to taxation at the expiration of the tax treaty. Alice Building, LLC also agrees not to transfer the property to a tax-exempt entity or to allow any transfer by any subsequent transferee to a tax-exempt entity during the term of the tax treaty. Alice Building, LLC is also required as a condition precedent to this tax treaty to record notice of the requirement that the property covered by this Ordinance be transferred only to a tax paying entity, as set forth herein in the Land Evidence Records of the City of Providence. Notwithstanding this provision, in the event that the successor to the property does not make the payments under the tax treaty, Alice Building, LLC will be responsible to make payments in lieu of taxes to the City of Providence in the amounts set forth in the attached schedule. In the event that the property covered by this Ordinance is transferred to a tax-exempt entity, whether by Alice Building, LLC or any subsequent transferee of such property, Alice Building, LLC will be responsible to make payments in

lieu of taxes of the City of Providence equal to the amount of taxes which would have been paid to the City of Providence if such prohibition against transfer to a tax-exempt entity had not been violated. Notwithstanding anything to the contrary herein or in the tax treaty used in connection herewith, the provisions shall continue to be given full force and effect until such time as the same shall be amended or terminated by majority vote of the City Council of Providence.

Section 5. Employment. It shall be the goal and Alice Building, LLC shall use its best efforts to award to Minority Business Enterprises as defined in Rhode Island General Laws, Section 37-14.1 ("MBE Act") no less than 10% of the dollar value of the construction costs for the Project (as determined in accordance with the rules and regulations promulgated pursuant to the MBE Act). It shall be the goal and Alice Building, LLC shall use its best efforts further goal to award to women business enterprises (WBE) no less than 10% of the dollar value of the construction costs for the Project (as determined in accordance with Section 21-52 of the Code of Ordinances of the City of Providence).

Section 6. Purpose. The City of Providence has entered this tax treaty as a result of increasing demand for apartments in the City's Arts and Entertainment District by artists interested in taking advantage of the tax incentives available in that district as well as other professionals seeking apartments in the center of the DownCity area. In consideration of this tax treaty, as long as the project consists of all residential rental units, Developer and all successors and assigns shall maintain no less than twenty percent (20%) of the units in the project at below market rates. The rental rate shall be equal to the per square foot fair market rental rate for downtown Providence area as determined from time to time by a Rhode Island certified real estate appraiser less ten percent (10%), but in no event shall such rental rates for the below market units be less than the current per square foot market rental rate less ten percent (10%), as set forth below. The City and the Developer acknowledge pursuant to a market analysis prepared by CB Richard Ellis on October 19, 2001, that for the purposes of this document, the current per square foot market rental rate for the downtown Providence area is \$1.35. The City and the Developer also acknowledge that in no event shall the set aside requirement of below market units extend beyond the term of this treaty. The Developer shall be required to report annually to the City as to compliance with this provision. As required by state law, the Alice Building is a former commercial building being converted into apartment use. This treaty shall only be in effect as long as the property is utilized primarily for residential purposes and failure to use the building for primarily residential purposes would render the treaty null and void. The parties do not intend that this agreement would extend to use of the building as a

"dormitory" or "apartment dormitory" use.¹ In fact, use of the building for "dormitory" or "apartment dormitory" purposes would also render the treaty null and void. The treaty being rendered null and void for any reason would require the owner to pay all taxes and fees as due and owing as if no treaty had been entered.

Section 7. Payment of Taxes. (a) Developer or any other Project Owner shall make Stabilized Tax Payments as prescribed in the attached schedule to the City in lieu of all other real property and personal property taxes and the City agrees to accept the Stabilized Tax Payments in lieu of such real property and personal property taxes on the Project taxable property.

(b) Stabilized Tax Payments due to the City, pursuant to the terms of this agreement, may be made in either a lump sum during the first quarter of the applicable tax year or in equal quarterly installments. If the quarterly payments are to be made, they shall be due on the same dates that quarterly taxes are due for all other taxpayers in the City.

(c) It is understood by the parties that Stabilized Tax Payments made hereunder are deemed by the City to be tax payments, and the Project Owner shall be entitled to all the rights and privileges of a taxpayer in the City.

(d) The liability for Stabilized Tax Payments due and owing under this agreement shall constitute an obligation of Developer or any other Project Owner, and the City shall be granted by the Project Owner a lien on the Project Taxable Properties, which lien shall be of the same priority and entitle the City to the same foreclosure remedy as the lien and foreclosure remedy provided under applicable laws and ordinances with respect to real and personal property taxes.

Section 8. Satisfaction of Obligations. The City agrees that so long as the Stabilized Tax Payments are made by the Project Owner in accordance with the terms of this agreement, the City shall, during the term of this agreement, accept said payments in full satisfaction of the obligations of the Project Owner as to the payment of any and all taxes and property assessments to the City which would otherwise be levied upon or with respect to the Project Taxable Properties, including future customary repairs and customary renovations of the Facility and the Personal Property which may now exist or which may hereafter be placed or erected thereon or located thereat or used therein, but excluding material renovations or improvements to the Facility beyond that contemplated in the definition of Facility herein.

¹For the purposes of this ordinance, the definition of the term "dormitory" or "apartment dormitory" is defined according to Section 1000.12 of the Zoning Ordinance for the City of Providence.

Section 9. Schedule. The Schedule listed below is based upon information provided to the Tax Assessor by Alice Building, LLC including, but not limited to, estimated construction costs. In the event any of this information is inaccurate or proves to be erroneous, this treaty shall be modified to reflect the accurate information. This tax treaty is also conditioned upon commencement of construction upon the payment of any and all taxes due and owing on the property within sixty (60) days of this Ordinance going into effect. Failure to begin construction within that time frame or failure to make said payment in full shall render the treaty null and void. The treaty being rendered null and void for any reason would require the owner to pay all taxes and fees as if no treaty had been entered.

Section 10. Back Taxes. That the real property taxes payable to the City by the Project during the term of this Ordinance shall be based upon the real property tax rates in effect for the City's 1997 fiscal year. The treaty is further conditioned upon Alice Building, LLC at all times owing no back taxes to the City of Providence or remaining current on a payment plan approved by the Tax Collector. Failure to make said timely payments may render this treaty null and void at the sole discretion of the City of Providence.

Section 11. Exemption Dates. That the City, in accordance with the laws of the State of Rhode Island and the Code of Ordinances for the City of Providence, is hereby authorized to grant an exemption from the assessed valuation for tax purposes as of December 31, 2000 up to and including December 31, 2009 to Alice Building, LLC located on Weybosset and Union Streets in Providence, Rhode Island, on a portion of Assessor's Plat 20, Lot 157 as provided in the above-mentioned Ordinance, in accordance with the schedule in Exhibit A.

Section 12. Notices. All notices, certificates, requests, demands, consents, approvals, and other communications which may or are required to be served or given hereunder (for the purposes of this section, collectively called "Notices") shall be in writing and shall be sent by registered or certified mail, postage prepaid, return receipt requested and received or overnight delivery by a recognized public or private carrier, or by facsimile, in either case as evidenced by a receipt or other evidence of delivery showing the date, time, and, for a facsimile, telephone number or receipt and addressed to the party to receive such Notice as set forth below:

If to: City of Providence
 City Hall
 25 Dorrance Street
 Providence, Rhode Island 02903
 Attn: Mayor, City of Providence

25 Dorrance Street
Providence, Rhode Island 02903

Copies to: President, City Council
25 Dorrance St.
Providence, RI 02903

City Solicitor
100 Fountain Street
Providence, RI 02903

Director, Department of Planning and Development
400 Westminster Street
Providence, RI 02903

If to: Arnold Chace
Cornish Associates
731 Hospital Trust Building
Providence, RI 02903

Section 13. Effective Date. This Ordinance shall take effect upon its passage.

Section 14. Applicable Law. This agreement shall be construed under the laws of the State of Rhode Island.

IN CITY COUNCIL

Sept. 6, 2001

FIRST READING

READ AND PASSED

And Referred Back
To Committee of Finance

Michael R. Clement

AMS

IN CITY

COUNCIL

DEC 20 2001

READ AND PASSED

PRESIDENT

CLERK

APPROVED

DEC 28 2001

MAYOR

ALICE BUILDING PLAT 20 LOT 157 SPECIAL TAX DISTRICT						
TANGIBLE PERSONAL PROPERTY						
Year #	% Abated	Date	Taxes Pd.	Assessment Abated	Taxes Abated	Level Pmts
1	90%	12/31/00	\$ 247	\$ 66,600	\$ 2,227	\$ 1,361
2	80%	12/31/01	\$ 495	\$ 59,200	\$ 1,980	\$ 1,361
3	70%	12/31/02	\$ 742	\$ 51,800	\$ 1,732	\$ 1,361
4	60%	12/31/03	\$ 990	\$ 44,400	\$ 1,485	\$ 1,361
5	50%	12/31/04	\$ 1,237	\$ 37,000	\$ 1,237	\$ 1,361
6	40%	12/31/05	\$ 1,485	\$ 29,600	\$ 990	\$ 1,361
7	30%	12/31/06	\$ 1,732	\$ 22,200	\$ 742	\$ 1,361
8	20%	12/31/07	\$ 1,980	\$ 14,800	\$ 495	\$ 1,361
9	10%	12/31/08	\$ 2,227	\$ 7,400	\$ 247	\$ 1,361
10	0%	12/31/09	\$ 2,475	\$ -	\$ -	\$ 1,361
Totals			\$ 13,610	\$ 333,000	\$ 11,136	\$ 13,610
			\$ 1,361	\$ 33,300		
Total Assessment	\$ 74,000	\$ 2,000	\$ 37			
Note: This tax stabilization is for room furnishings & contents only.						

ALICE BUILDING PLAT 20 LOT 157 SPECIAL TAX DISTRICT REAL PROPERTY						
Year #	% Abated	Date	Taxes Paid	Assessment Abated	Taxes Abated	Level Pmts
1	90%	12/31/00	\$ 2,443	\$ 657,630	\$ 21,991	\$ 13,439
2	80%	12/31/01	\$ 4,887	\$ 584,560	\$ 19,548	\$ 13,439
3	70%	12/31/02	\$ 7,330	\$ 511,490	\$ 17,104	\$ 13,439
4	60%	12/31/03	\$ 9,774	\$ 438,420	\$ 14,661	\$ 13,439
5	50%	12/31/04	\$ 12,217	\$ 365,350	\$ 12,217	\$ 13,439
6	40%	12/31/05	\$ 14,661	\$ 292,280	\$ 9,774	\$ 13,439
7	30%	12/31/06	\$ 17,104	\$ 219,210	\$ 7,330	\$ 13,439
8	20%	12/31/07	\$ 19,548	\$ 146,140	\$ 4,887	\$ 13,439
9	10%	12/31/08	\$ 21,991	\$ 73,070	\$ 2,443	\$ 13,439
10	0%	12/31/09	\$ 24,435	\$ -	\$ -	\$ 13,439
Totals			\$ 134,390	\$ 3,288,150	\$ 109,956	\$ 134,390
			\$ 13,439	Annual Payments		
Total Assessment			\$ 24,435	100% Taxes		
			\$ 19,749	Unit Value (37)		
			\$ 363	Taxes per unit		

CITY OF PROVIDENCE, RHODE ISLAND
APPLICATION REQUESTING
TAX STABILIZATION FOR COMMERCIAL / INDUSTRIAL PROPERTIES
ACCORDING TO

CHAPTER 21 OF THE CODE ORDINANCES AS AMENDED

PAY OF NON-REFUNDABLE APPLICATION FEE
MUST ACCOMPANY APPLICATION ACCORDING TO
THE FOLLOWING SCHEDULE:
\$150.00 FOR PERMIT UP TO - \$250,000 (CON/AND)
\$225.00 FOR PERMIT FROM \$251,000 - \$750,000
\$300.00 FOR PERMIT OVER - \$751,000
\$200.00 FOR COMPUTER/TELEPHONE
.001% OF EST. CONSTRUCTION COSTS (RESIDENTIAL)

DATE January 24, 2000

1. NAME & ADDRESS OF APPLICANT (IF CORPORATION/PARTNERSHIP, GIVE NAME & TITLE OF CEO FILING APPLICATION).	<u>Downcity Holdings, Inc., its successors and assigns</u> _____ _____
2. IF APPLICANT IS LESSEE, GIVE NAME AND ADDRESS OF OWNER AND SPECIFIC TERMS OF LEASE	<u>N/A</u> _____ _____ _____ _____
3. LOCATION OF PROPERTY	<u>236-250 Westminster Street</u> _____
4. ASSESSOR'S PLAT AND LOT	<u>20 / 157</u> _____
5. DATE & PURCHASE PRICE OF EXISTING PROPERTY	<u>7 / 18 / 95</u> <u>\$600,000</u> _____
6. COST & PROJECTED DATE OF ADDITIONAL PROPERTY TO BE PURCHASED FOR THIS EXPANSION PROJECT	<u>N / A</u> _____ _____

7. ESTIMATED COST OF EXPANSION/RENOVATION. (ATTACH EVIDENCE SUPPORTING SUCH FIGURE: COP OF BIDS. CONSTRUCTION CONTRACT, ARCHITECT'S CERTIFICATION). GIVE DETAILS AS TO SCOPE OF PROJECT TO BE UNDERTAKEN--#OF STORIES TYPE OF CONSTRUCTION, TOTAL SQ. FT. ETC.)

\$6,300,000

See attached

8. DESCRIBE EXISTING FACILITY:

#OF STORIES	7
#OF SQ. FT./FLOOR	Total 63,841
AGE OF BUILDING(S)	1898
TYPE OF CONSTRUCTION	Sub. Rehab.
INTERIOR CONDITION	poor
EXTERIOR CONDITION	fair

9. APPLICATION IS MADE UNDER THE PROVISION OF THE ORDINANCE FOR THE FOLLOWING REASON(S) (CHECK ONE OR MORE)

<input type="checkbox"/>	a. locate in City of Providence
<input type="checkbox"/>	b. replace section of premises
<input type="checkbox"/>	d. expand building
<input checked="" type="checkbox"/>	e. remodel facility
<input type="checkbox"/>	f. construct new building(s)
<input type="checkbox"/>	g. computer/telephone
<input type="checkbox"/>	h. other

10. WILL PROPOSED CONSTRUCTION/ ALTERATION INCREASE THE EMPLOYMENT AT YOUR COMPANY

YES NO

Will not increase company's employment, but

IF YES, GIVE ESTIMATE AS TO NEW POSITIONS TO BE CREATED AND JUSTIFICATION FOR SAME

will increase residency in Downcity, and attract businesses to retail space.

11. WILL THE PROPOSED ALTERATION/ CONSTRUCTION CAUSE ANY OTHER FACILITY TO CLOSE?

YES NO

12. WILL CONSTRUCTION/ALTERATION REQUIRE PURCHASE OF ADDITIONAL FURNITURE/FIXTURES/EQUIPMENT? IF YES, GIVE DETAILS AS TO NUMBER AND TYPE TO BE PURCHASED

X YES NO

Conversion to residential units will require fixturing of apartments with appliances.

Stacked Washer/Dryers	21
Side by Side Washer/Dryers	4 pair
Side by Side Washer/Dryer (coin-op)	1 pair
Free standing ranges	33
Exhaust Hoods	33
Refrigerators	33
Dishwashers	33
In-sink disposals	33

3 / 6 / 00

3 / 6 / 01

X

YES

NO

HAS HEARING BEEN SCHEDULED?

Downcity Holdings, Inc.

By:

SIGNATURE OF APPLICANT

WITNESS

ADDRESS

DATE _____

$$1/24/00$$

DATE _____

1 / 24 / 00

RECEIVED BY CITY ASSESSOR
PROVIDENCE RHODE ISLAND

Feb 10, 2000 DATE

APPLICATION FEE FORWARDED TO
COLLECTOR

\$10,200 AMOUNT

REVIEWED BY ASSESSOR WITH THE
FOLLOWING RECOMMENDATIONS

SIGNATURE/DATE/ASSESSOR

[Signature]

RECEIVED BY CITY COLLECTOR

February 10, 2000

APPLICANT OWES FOLLOWING TAXES 1999 YEAR 24,434.61 AMOUNT

taxes are current - 3/4's paid

TAXES ARE PAID IN FULL

ARRANGEMENTS HAVE BEEN MADE

n/a YES NO

SIGNATURE/DATE/COLLECTOR

Deborah Lapatin 2/10/00

RECEIVED BY BUILDING INSPECTOR
DATE

Feb. 11, 2000

PLANS AS REVIEWED MEET ALL CUR-
RENT CODES/STATUTES OF CITY

_____ YES _____ NO

NO VIOLATIONS EXIST ON THIS OR
OTHER PROPERTIES OWNED BY
APPLICANT

_____ YES _____ NO

* VIOLATIONS EXIST AS FOLLOWS

VIOLATIONS HAVE BEEN DIS-
CUSSED WITH APPLICANT(S)
ARRANGEMENTS HAVE BEEN
MADE TO CORRECT SAME

_____ YES _____ NO

SIGNATURE/DATE/BUILDING INSPECTOR

Ramzi J. Joly 2-24-00

* - Plans has not been fully reviewed to insure
compliance w/ bldg Code

February 8, 2000

Mr. Thomas Rossi
City of Providence
Tax Assessor's Office
City Hall
Providence, RI 02903

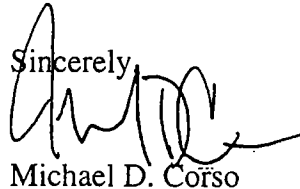
Re: Tax application fee

Dear Mr. Rossi:

Enclosed please find a check in the amount of Six Hundred Thirty Dollars (\$630.00) for the tax stabilization application fee for Downcity Holdings, Inc.

Please contact me if there are any further requirements.

Sincerely,



Michael D. Corso

Enclosure



CITY OF PROVIDENCE
CITY COLLECTOR

COUNTER BILL

DATE: FEB 10 2000

DOWNCITY HOLDINGS

731 HOSPITAL TRUST BLDG
PROVIDENCE, RI 02903

ORIG TAX: 24,434.61 CREDITS: 18,325.95

020-0157-0000 236 WESTMINSTER

REAL ESTATE

ACCOUNT #: 90035008

QTR 1 0.00
QTR 2 0.00
QTR 3 0.00
QTR 4 6,108.66
TOTAL 6,108.66

INTEREST _____

TOT DUE _____

COLLECTOR'S STUB: WHEN PAYING BY MAIL DETACH AND RETURN IN ENVELOPE MAKE CHECK PAYABLE TO CITY COLLECTOR

CITY COLLECTOR, CITY OF PROVIDENCE



DATE: FEB 10 2000

ACCOUNT #: 90035008

DOWNCITY HOLDINGS

731 HOSPITAL TRUST BLDG
PROVIDENCE, RI 02903

ORIG TAX: 24,434.61 CREDITS: 18,325.95

020-0157-0000 236 WESTMINSTER

QTR 1 0.00
QTR 2 0.00
QTR 3 0.00
QTR 4 6,108.66
TOTAL 6,108.66

YR	ACCT NBR	PROP VALUE	TOTAL TAX DUE	CREDITS	TOTAL TAX BAL
99	90035008	730,700	24,434.61	18,325.95	6,108.66
			24,434.61	18,325.95	6,108.66

NOTE: NO INTEREST IS SHOWN ON THIS STATEMENT. INTEREST WILL BE
APPLIED TO ALL PAST DUE BALANCES AT TIME PAYMENT IS MADE.

TAX _____ INTEREST _____ CHARGES _____

MUNICIPAL LIEN CERTIFICATE
CITY OF PROVIDENCE - OFFICE OF THE COLLECTOR
CITY HALL PROVIDENCE, R.I. 02903 (401) 331-5252

DATE	PLAT	LOT	UNIT	LOCATION	CERT#	PAGE
FEB 10 2000	20	157	0000	236 WESTMINSTER	30772	1

Assessed DOWNCITY HOLDINGS
Owner

STATUS OF REAL ESTATE AND PERSONAL PROPERTY BILLS AS OF DATE PRINTED

YR	BILL NUMBER	TYPE	ORIGINAL TAX	AMOUNT PAID	BALANCE DUE	INTEREST	BILL NAME
99	02001570000	REAL	24,434.61	18,325.95	6,108.66	0.00	DOWNCITY HOLDINGS
			24,434.61	18,325.95	6,108.66	0.00	

OTHER OUTSTANDING ITEMS:

NOTE - PLEASE BE AWARE THAT UNPAID TAXES MAY BE SUBJECT TO TAX SALE.

PLEASE CONTACT THE WATER SUPPLY BOARD AT 521-6300
PLEASE CONTACT THE NARRAGANSETT BAY COMMISSION AT 277-6665

C E R T I F I C A T I O N
=====

THIS IS TO CERTIFY THAT THE ABOVE IS TRUE AND CORRECT, SAID CERTIFICATION
BEING GIVEN IN ACCORDANCE WITH 44-7-11 OF THE GENERAL LAWS OF RHODE ISLAND
1956, AS OF THE DATE PRINTED ABOVE.

MAILED TO: X
X
X

DEBORAH LAPATIN, TAX COLLECTOR
MARC CASTALDI, DEPUTY.

ALICE BUILDING

Low Bid/Construction Estimate

Construction Cost Items	Ahlborg *
General Conditions	\$375,000
Overhead & Profit	\$228,543
Division 3 - Concrete	\$75,000
Division 4 - Masonry	\$371,400
Division 5 - Metals	\$440,696
Division 6 - Woods and Plastics	\$305,000
Division 7 - Thermal and Moisture Protection	\$258,315
Division 8 - Doors and Windows	\$475,774
Division 9 - Finishes	\$1,336,129
Division 10 - Specialties	\$43,900
Division 11 - Equipment	\$48,000
Division 12 - Furnishing	\$14,200
Division 14 - Conveying Systems	\$158,500
Division 15 - Mechanical	\$1,348,543
Division 16 - Electrical	\$475,000
	\$6,019,000

* includes \$65,000 in allowances

Alternates	
Demolition	\$305,000
TOTAL	\$6,324,000

Downcity Holdings, Inc.
15 Westminster Street, Suite 731
Providence, RI 02903
(401) 421-0254 Fax (401) 421-6866

May 25, 1999

Patricia McLaughlin, Esq.
Deputy City Solicitor
100 Fountain Street
Providence, RI 02903

Re: Alice Building, 236 Westminster Street

Dear Patricia:

This is a follow-up to our last meeting regarding a tax stabilization agreement for the Alice Building. As part of our overall plan, the Alice building will be developed into residential apartments to add to the community created by the Smith Building. As was such with the Smith Building, our goal is to revitalize the Downcity area and to stabilize and grow the City's tax base. As you know, we are committed to the City's revitalization as demonstrated by the recent redevelopment of the Smith Building and Packard Building.

For your information, I have enclosed a copy of our development plans and proforma for the Alice Building. As you will see, the Alice building's upper five floors will be developed into 30 apartments; the second floor will be office space; and the first floor will remain retail space, as well as act as a lobby for the residential apartments. The unit types will vary in size as follows:

4 units	@ 1,275 square feet;
4 units	@ 970 square feet;
5 units	@ 1,090 square feet;
4 units	@ 770 square feet;
5 units	@ 1,352 square feet;
4 units	@ 1,225 square feet;
1 Duplex unit	@ 2,715 square feet;
1 Duplex unit	@ 2,270 square feet;
1 Duplex unit	@ 2,290 square feet; and
1 Duplex unit	@ 2,325 square feet.

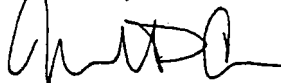
Patricia McLaughlin, Esq.
May 25, 1999
Page 2

The Alice building will be our second residential building as we move closer to our personal goal of creating approximately 200 units. We are certain that by successfully completing the Smith Building, Alice Building, and Peerless Building, other Downcity properties will be developed to create a community of at least 500 residents.

Like the Smith Building, the tax treaty is a major component in reassuring the feasibility and success of the Alice Building redevelopment, and we are therefore requesting an assessment equal to \$10,000 per unit for the 30 units, which would result in an assessment of \$300,000 for the building.

We are eager to finalize our project budget and to begin construction, but, as you know, we need the tax stabilization agreement to do so. I will contact you to set up a meeting to discuss this matter, and in the meantime, if you have any questions or require any additional information, please contact me. Thank you for your attention.

Sincerely,



Michael D. Corso

Enclosures

cc: Thomas Rossi (w/ enclosures)
Arnold B. Chace, Jr. (w/o enclosures)
Douglas S. Storrs (w/o enclosures)
Joan Hertel (w/o enclosures)

Alice Building Development Cost

Assumptions

	Units	Gross SF	Net SF/GLA
Live/Work Lofts	30	50,230	39,660
Gallery/Retail		9,000	7,500
Office		9,000	8,500
Total	30	68,230	55,660

Development Cost

			Cost	Cost	Cost/GSF
Acquisition (including carry)				700,000	10.26
Hard Costs					
Residential	\$	72.00 Per GSF	3,616,560		53.01
Retail and Office	\$	40.00 Per GSF	720,000		
Tenant Improvements	\$	30.00 Per GLA	480,000		
Environmental Abatement	\$	2.50 Per GSF	170,575		2.50
		Subtotal Hard Costs	4,987,135		73.09
Contingency		10% Hard Costs	498,714		7.31
		Total Hard Costs		5,485,849	80.40
Soft Costs					
Architectural & Engineering		6.0% Reno Work	260,194		3.81
Bonds, Permits, Etc.			100,000		1.47
Clerk-of-the-Works			20,000		0.29
Construction Interest		3,880,000 at 7.5%X50%	145,500		2.13
Consultants			50,000		0.73
Development Management			350,000		5.13
Lender Fee		3,880,000 1%	38,800		0.57
Lender Inspecting Architect/Engineer			5,000		0.07
Legal & Title			30,000		0.44
Third Party Reports (Appraisal, Envir)			10,000		0.15
Operating Expenses, Taxes			45,000		0.66
Other Soft Costs			50,000		0.73
Marketing Expenses			50,000		0.73
		Subtotal Soft Costs		1,154,494	16.92
		Total Development Cost		7,340,342	107.58

Source of Funds

Mortgage Loan				3,880,000	56.87
Equity					
	Historic Tax Credit (Estimate)		1,000,000		14.66
	R. I. Housing Pilot Funds (City)		580,000		8.50
	Rhode Island Foundation		400,000		5.86
	Developer Equity		1,480,342		21.70
		Total Equity		3,460,342	50.72
		Total Funding		7,340,342	107.58

ALICE BUILDING**Low Bid/Construction Estimate**

Construction Cost Items	Ahlborg *
General Conditions	\$375,000
Overhead & Profit	\$228,543
Division 3 - Concrete	\$75,000
Division 4 - Masonry	\$371,400
Division 5 - Metals	\$440,696
Division 6 - Woods and Plastics	\$305,000
Division 7 - Thermal and Moisture Protection	\$258,315
Division 8 - Doors and Windows	\$475,774
Division 9 - Finishes	\$1,336,129
Division 10 - Specialties	\$43,900
Division 11 - Equipment	\$48,000
Division 12 - Furnishing	\$14,200
Division 14 - Conveying Systems	\$158,500
Division 15 - Mechanical	\$1,348,543
Division 16 - Electrical	\$475,000
	\$6,019,000

* Includes \$65,000 in allowances

Alternates	
Demolition	\$305,000
TOTAL	\$6,324,000

Alice Building with Penthouse
Apartment/Retail/Office Financing Analysis

						Per Unit	Per Unit Per Month	%EGI
Income								
Apartments(1)	30 units	39,660 NSF	\$ 12.00		475,920	15,864	1,322	
Retail		7,500 GLA	\$ 13.50 NNN	101,250				
CAM/Tax Reimbursement			\$ 2.50	18,750				
					120,000			
Office		8,500 GLA	\$ 10.00 NN	85,000				
Escalators			\$ 1.00	8,500				
					93,500			
Tot Units	30	Tot SF	55,660 NSF/GLA	Total Income	689,420			
				Total Income Less Reimbursements	662,170			
Vacancy @	7.0%				48,259			
				Effective Gross Income	641,161			100.00%
				Effective Gross Income Less Reimbursements	615,818			
Expenses								
Management Fee		5.0% EGI		32,058				5.00%
Administrative Fee		\$ 0.25 Per NSF/GLA		13,915				2.17%
Maintenance		\$ 0.90 Per NSF/GLA		50,094				7.81%
Common Area Utilities		\$ 0.80 Per NSF/GLA		44,528				6.94%
Insurance		\$ 0.26 Per NSF/GLA		14,472				2.26%
Real Estate Taxes				5,000 (2)				0.78%
				Total Expenses	160,067			24.97%
Reserves		\$ 250 Per Dwelling Unit		7,500		250	21	1.17%
		\$ 0.35 Per Commercial SF		5,600				0.87%
				Total Expenses with Reserves	173,167			27.01%
				Net Operating Income	467,994	250		72.99%
(1) Average NSF	1,322			(3) Total Expenses with Reserves as % of Total Income Less CAM/Tax				
(2) Assumes \$50,000 full taxes				Reimbursements with 7% vacancy factor is 28.4%.				

Loan Analysis

Test 1

Debt Service Coverage @	1.3 X	359,995
Loan at 8%/25 years	0.0927 constant	3,883,445
Debt Service Coverage @	1.25 X	374,395
Loan at 8%/25 years	0.0927 constant	4,038,783

Test 2

Value @	10% cap rate	4,679,940
Loan @	75% Loan-to-Value	3,509,955
Loan @	80% Loan-to-Value	3,743,952
Value @	9% cap rate	5,199,933
Loan @	75% Loan-to-Value	3,899,950
Loan @	80% Loan-to-Value	4,159,946

Total Development Cost

7,709,153

Return on Developer Equity

Net Operating Income		467,994
Less Debt Service		
Bank	3,880,000 @	0.0927
Revolving Fund	400,000 @	0.0761
		359,676
		30,440
		Total Debt Service 390,116

Cash Flow After Debt Service 108,318

Developer Equity 1,849,153

Year One Return on Developer Equity 5.86%

If all of cash flow is distributed to equity investors

5/20/99

CORNISH ASSOCIATES, L.P.

15 WESTMINSTER STREET, SUITE 731

PROVIDENCE, RI 02903

(401) 421-0254

(401) 421-6866 FAX

TO: Tom Rossi

FAX NO.

421-5902Michael Corso

FROM:

DATE:

1 / 1 00

RE:

Dawncity Holdings Inc.SENDING A TOTAL OF 5 PAGES (INCLUDING THIS COVER SHEET)

IF YOU DO NOT RECEIVE ALL PAGES AS INDICATED ABOVE.

PLEASE CONTACT Heidi AT (401) 421-0254.

MESSAGE:

CITY OF PROVIDENCE, RHODE ISLAND
APPLICATION REQUESTING
TAX STABILIZATION FOR COMMERCIAL / INDUSTRIAL PROPERTIES
ACCORDING TO

CHAPTER 21 OF THE CODE ORDINANCES AS AMENDED

PAY OF NON-REFUNDABLE APPLICATION FEE
MUST ACCOMPANY APPLICATION ACCORDING TO
THE FOLLOWING SCHEDULE:
\$150.00 FOR PERMIT UP TO - \$250,000 (CON/AND)
\$225.00 FOR PERMIT FROM \$251,000 - \$750,000
\$300.00 FOR PERMIT OVER - \$751,000
\$200.00 FOR COMPUTER/TELEPHONE
.001 % OF EST. CONSTRUCTION COSTS (RESIDENTIAL)

DATE January 24, 2000

- | | |
|--|---|
| 1. NAME & ADDRESS OF APPLICANT
(IF CORPORATION/PARTNERSHIP,
GIVE NAME & TITLE OF CEO FILING
APPLICATION). | <u>Downcity Holdings, Inc., its successors and assigns</u>

_____ |
| 2. IF APPLICANT IS LESSEE, GIVE
NAME AND ADDRESS OF OWNER
AND SPECIFIC TERMS OF LEASE | <u>N/A</u>

_____ |
| 3. LOCATION OF PROPERTY | <u>236-250 Westminster Street</u>
_____ |
| 4. ASSESSOR'S PLAT AND LOT | <u>20 / 157</u>
_____ |
| 5. DATE & PURCHASE PRICE OF
EXISTING PROPERTY | <u>7 / 18 / 95</u>
<u>\$600,000</u>
_____ |
| 6. COST & PROJECTED DATE OF
ADDITIONAL PROPERTY TO BE
PURCHASED FOR THIS
EXPANSION PROJECT | <u>N/A</u>

_____ |

7. ESTIMATED COST OF EXPANSION/RENOVATION. (ATTACH EVIDENCE SUPPORTING SUCH FIGURE: COP OF BIDS, CONSTRUCTION CONTRACT, ARCHITECT'S CERTIFICATION). GIVE DETAILS AS TO SCOPE OF PROJECT TO BE UNDERTAKEN--#OF STORIES TYPE OF CONSTRUCTION, TOTAL SQ. FT. ETC.)

\$6,300,000

See attached

8. DESCRIBE EXISTING FACILITY:

#OF STORIES 7

#OF SQ. FT./FLOOR Total 63,841

AGE OF BUILDING(S) 1898

TYPE OF CONSTRUCTION Sub. Rehab.

INTERIOR CONDITION poor

EXTERIOR CONDITION fair

9. APPLICATION IS MADE UNDER THE PROVISION OF THE ORDINANCE FOR THE FOLLOWING REASON(S) (CHECK ONE OR MORE)

 a. locate in City of Providence

 b. replace section of premises

 d. expand building

 X e. remodel facility

 f. construct new building(s)

 g. computer/telephone

 h. other

10. WILL PROPOSED CONSTRUCTION/ALTERATION INCREASE THE EMPLOYMENT AT YOUR COMPANY

 YES X NO

IF YES, GIVE ESTIMATE AS TO NEW POSITIONS TO BE CREATED AND JUSTIFICATION FOR SAME

Will not increase company's employment, but

will increase residency in Downcity, and attract

businesses to retail space.

11. WILL THE PROPOSED ALTERATION/CONSTRUCTION CAUSE ANY OTHER FACILITY TO CLOSE?

 YES X NO

12. WILL CONSTRUCTION/ALTERATION REQUIRE PURCHASE OF ADDITIONAL FURNITURE/FIXTURES/EQUIPMENT? IF YES, GIVE DETAILS AS TO NUMBER AND TYPE TO BE PURCHASED

 X YES NO

Conversion to residential units will require fixturing

of apartments with appliances.

Stacked Washer/Dryers	21
Side by Side Washer/Dryers	4 pair
Side by Side Washer/Dryer (coin-op)	1 pair
Free standing ranges	33
Exhaust Hoods	33
Refrigerators	33
Dishwashers	33
In-sink disposals	33

13. CONSTRUCTION SHALL BEGIN

3/6/00

ANTICIPATED THAT CONSTRUCTION SHALL BE COMPLETED

3/6/01

14. ARE ALTERATIONS/CONSTRUCTION PLANS PERMITTED UNDER THE PRESENT ZONING:

X

YES

NO

IF NO, PLEASE ADVISE AS TO WHETHER APPLICATION HAS BEEN OR WILL BE FILED WITH ZONING BOARD OF REVIEW.

HAS HEARING BEEN SCHEDULED?

IT IS THE UNDERSTANDING OF THE APPLICANT(S) THAT THE EXEMPTION, IF APPROVED, IS APPLICABLE ONLY TO COMMERCIAL/INDUSTRIAL CONCERNS WHO WISH TO LOCATE IN THE CITY, OR WHO WISH TO REPLACE, RECONSTRUCT, EXPAND OR REMODEL CURRENT FACILITIES; THAT MEET THE APPROVAL OF THE BUILDING INSPECTOR; THAT ALL CURRENT AND PAST TAXES DUE BY THE APPLICANT(S), MUST BE PAID IN FULL; THAT THE EXEMPTION WOULD BE ATTRIBUTABLE ONLY TO THAT PORTION OF THE ASSESSMENT ATTRIBUTABLE TO THIS CONSTRUCTION / RENOVATION; THAT THE EXEMPTION MAY BE REVOKED IN THE EVENT OF FRAUD OR MISREPRESENTATION BY THE APPLICANT(S).

Downcity Holdings, Inc.

By: 

SIGNATURE OF APPLICANT


WITNESS15 Westminster St., Ste. 731, Providence, RI 02903
ADDRESS1/24/00
DATE1/24/00
DATE