

# RESOLUTION OF THE CITY COUNCIL



No. 409

Approved October 12, 2023

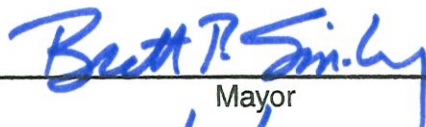
RESOLVED, That the Mayor of the City of Providence is hereby authorized by this Council to enter into a Memorandum of Understanding (MOU) with Brown University, Providence College, Rhode Island School of Design and Johnson and Wales University for a period of 20 years, as presented in Exhibit A attached hereto.

IN CITY COUNCIL

OCT 05 2023  
READ AND PASSED

  
RACHEL M. MILLER, PRESIDENT  
  
CLERK

I HEREBY APPROVE.

  
Mayor  
Date: 10/12/2023

This confidential draft document is nonbinding and subject to negotiation of a binding agreement with terms satisfactory to all parties, which agreement will not be binding until signed by all parties.

**MEMORANDUM OF UNDERSTANDING**  
**with respect to**  
**VOLUNTARY PAYMENTS AND COMMUNITY CONTRIBUTIONS**  
**to be made to the**  
**CITY OF PROVIDENCE, RHODE ISLAND**  
**by**  
**BROWN UNIVERSITY**  
**and**  
**JOHNSON & WALES UNIVERSITY**  
**and**  
**PROVIDENCE COLLEGE**  
**and**  
**RHODE ISLAND SCHOOL OF DESIGN**

**Dated as of <insert date>, 2023**

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**I. PARTIES TO THE MEMORANDUM OF UNDERSTANDING**

**The City:** The City of Providence, Rhode Island is a municipal corporation, located in The State of Rhode Island, having a mailing address of Department of Administration, City Hall, 25 Dorrance Street, Providence, Rhode Island 02903.

**Brown:** Brown University is an independent, private, non-profit, tax-exempt, Rhode Island institution of higher education established in 1764 by colonial charter and existing pursuant to the law of the State of Rhode Island, having a mailing address of University Hall, One Prospect Street, Providence, Rhode Island 02912.

**JWU:** Johnson & Wales University is an independent, private, non-profit, tax-exempt, Rhode Island institution of higher education, established by charter and existing pursuant to the law of the State of Rhode Island, having a mailing address of 8 Abbott Park Place, Providence, Rhode Island 02903.

**PC:** Providence College is an independent, private, non-profit, tax-exempt, Rhode Island, Roman Catholic religious institution of higher education, established by charter and existing pursuant to the law of the State of Rhode Island, having a mailing address of 1 Cunningham Square, Providence, Rhode Island 02918.

**RISD:** Rhode Island School of Design is an independent, private, non-profit, tax-exempt, Rhode Island institution of higher education established by charter and existing pursuant to the law of the State of Rhode Island, having a mailing address of Two College Street, Providence, Rhode Island 02903.

**The Institutions:** Collectively, Brown, JWU, PC and RISD.

## II. INTRODUCTION AND GUIDING PRINCIPLES

This Memorandum of Understanding ("Memorandum") between the four Institutions and the City sets forth the understandings of the parties with respect to voluntary payments and community contributions (as defined below) to be provided to the City by the Institutions. Over the duration of the Memorandum the combined total of voluntary payments and community contributions exceeds \$170 million from the Institutions to and in support of the City of Providence.

By entering into this Memorandum, the Institutions acknowledge the importance of the relationship between the Institutions and the City and, therefore, agree to make voluntary payments and community contributions to the City. The parties recognize that the Institutions, like other non-profit, religious, and charitable organizations, provide substantial economic and non-economic benefits to the City and the community. In entering into this Memorandum the parties are guided by the following principles:

- Private institutions of higher education are vital and important. The City of Providence recognizes and affirmatively supports that the continued growth, success and financial sustainability of the Providence Institutions (Brown University, Johnson & Wales University, Providence College and Rhode Island School of Design) are essential.
- The continued growth, success and financial sustainability of the City of Providence is critically important to the Institutions. A home City which is welcoming, safe, diverse, equitable and fiscally sound is essential.
- The City of Providence and the Institutions are committed to cooperatively working together toward common goals and objectives.
- The City recognizes and proactively supports growth and activities by the Institutions which generate employment, purchasing and consumption which contributes to positive economic development, and in the case of commercial partnerships and similar developments produces direct tax revenue. The City and the Institutions will work together to foster and promote these activities in the knowledge that they are mutually beneficial.
- The City and the Institutions recognize and acknowledge the demographic and fiscal challenges which are currently impacting higher education as a sector and that those challenges will remain a factor over the course of the term of this Memorandum.
- The Institutions recognize and honor the services the City provides and the learning and living environments the City fosters and make long-term voluntary financial commitments to the City to support those services and efforts, including and especially the following areas of priority:
  - Pre-K - 12 Education
  - Equity, Diversity and Inclusion
  - Community Safety and Well-being
  - Promotion of the City of Providence as a Safe, Vibrant and Inviting Place to Live, Work and Learn
  - Climate Change and Resiliency and Adaptation Infrastructure and Policy

- To the extent practicable, the voluntary financial payments provided for in this Memorandum will be targeted towards and in support of these five areas of priority and more importantly the City and the Institutions will continue to collaborate in addressing these areas in an ongoing and mutually supportive manner.

### III. DURATION OF THIS MEMORANDUM

This Memorandum shall take effect upon signing and continue in effect until June 30, 2043, unless sooner terminated as provided herein.

### IV. ENTIRETY OF THIS MEMORANDUM

Except as set forth in the following sentence, this Memorandum replaces in its entirety the prior Memorandum of Understanding between the City and the Institutions dated June 5, 2003 with an expiration date of June 30, 2023 (the “**2003 MOU**”). The 2003 MOU is fully terminated, and all of its terms and conditions and all obligations of all parties contained therein are of no further force or effect except as expressly provided therein and as expressly provided in Section VII below in the subparagraph titled “2003 Memorandum of Understanding Transition Parcels and Payments”.

### V. VOLUNTARY PAYMENTS

The Institutions commit to making defined, annual voluntary payments at a mutually agreeable amount (the “**Voluntary Payment**”). The first Voluntary Payment will be made to the City within 60 days of execution of this agreement. All subsequent payments will be made on or about July 1 of the fiscal year in which it is expected. The amount of the Voluntary Payment for each of the Institutions to the City for each of the 20 applicable fiscal years of the City is listed in the schedule in **Exhibit A**.

All or a substantial majority of the Voluntary Payments will be earmarked for City investment and expenditure in the following areas of priority:

- Pre-K - 12 Education
- Equity, Diversity and Inclusion
- Community Safety and Well-being
- Promotion of the City of Providence as a Safe, Vibrant and Inviting Place to Live, Work and Learn
- Climate Change and Resiliency and Adaptation Infrastructure and Policy

For the duration of the Memorandum and so long as the Institutions individually and collectively abide by the provisions of the agreement, the City will develop and make public on an annual basis an accounting of how the Voluntary Payments to the City have been expended.

### VI. OTHER COMMUNITY CONTRIBUTIONS TO THE CITY OF PROVIDENCE

The parties recognize that the Institutions make a broad range of community contributions to the City, including financial and in-kind contributions (“Community Contributions”). The Institutions acknowledge the goal of making and reporting annual voluntary Community Contributions (the “**Community Contributions**”) in an amount equal to or greater than the annual amount of the Voluntary Payment. The goal amount of the Community

Contribution for each of the Institutions for each of the 20 applicable fiscal years of the City is listed in the schedule in **Exhibit B**. In agreeing to this provision, the City and the Institutions acknowledge and agree that Community Contributions may vary from year to year and not achieving the stated goal will not result in any negative consequences for the Institutions or an expectation of increased Voluntary Payments or Community Contributions from the Institutions individually or collectively.

No later than September 30 of each fiscal year, beginning September 30, 2024, in which the Memorandum is in effect, each Institution will submit a report and accounting to the City of the Community Contributions for the immediately prior fiscal year. The Community Contributions will be specific items with quantified monetary values and provided with sufficient detail and documentation to be understood.

Examples of Community Contributions can include:

- Tax revenue generated by commercial leases in properties owned by the Institutions.
- Services provided by the Institutions in lieu of the City in public spaces (e.g., trash removal, snow removal, maintenance and repair of public ways).
- Scholarships and financial aid provided by the Institution to residents of the City of Providence (including for summer and high school programs).
- Voluntary contributions to and financial support of K-12 education, including Providence Public Schools District, public charter schools serving City of Providence residents, and non-profit organizations supporting K-12 education.
- Voluntary assistance and services provided to City employees (e.g., JWU has provided access to campus fitness facilities to City employees).
- Voluntary payments to District Management Authorities and similar entities (e.g., Downtown Improvement District, Thayer Street DMA).
- Voluntary contributions and payments to public spaces, resources and parks and related organizations (e.g., Innovation District Park, Downtown Providence Parks Network, Providence Resiliency Partnership, AMP).
- Voluntary contributions to and financial support of City- and public-serving non-profit organizations.
- Voluntary contributions or public safety personnel staffing (e.g., PC and JWU providing funding, at their own discretion, for police details in the neighborhoods) and of dedicated space and facilities provided for exclusive use by the City (e.g., Providence Police sub-stations hosted by Brown, JWU and PC).
- In-kind and other forms of non-financial support for programs, services and activities directly benefiting the City of Providence and its residents.

## **VII. MISCELLANEOUS**

- For the duration of the Memorandum and so long as the Institutions individually and collectively abide by the provisions of the Memorandum, the City shall not challenge or otherwise contest or seek to amend or circumvent through ordinance or statute or enabling legislation or any other means the tax-exempt status of the Institutions as recognized and affirmed by the Constitution of the State of Rhode Island and Section 501(c)(3) of the Internal Revenue Code.

- For the duration of the Memorandum and so long as the Institutions individually and collectively abide by the provisions of the Memorandum, the City further commits to the following:
  - Make no changes to Institutional Master Plan process or shrinkage of I-2 or I-3E zones (including overlays) as defined in the City of Providence Zoning Ordinance and City of Providence Zoning Map, effective December 24, 2014 ;
  - The city's administration shall make best efforts to support the institutions efforts in their master planning processes to:
    - Allow for multiple users per parking space given the increase in hybrid and remote employees at the Institutions by reducing parking requirements and/or changing the parking formula (as defined in the City of Providence Zoning Ordinance and City of Providence Zoning Map, effective December 24, 2014);
    - Reduce bike parking requirements (as defined in the City of Providence Zoning Ordinance and City of Providence Zoning Map, effective December 24, 2014) in recognition of the increased availability/use of bike/scooter sharing services ;
  - Increase City enforcement of parking, building code violations, dumpsters, and other municipal code violations applicable to the health, safety, welfare, and cleanliness of the City.
- For the duration of the Memorandum, the Institutions agree to participate in bimonthly "Quality of Life" working group meetings (six meetings per year), as scheduled by the City and in collaboration with the City Council. The purpose of these meetings is for City Departments and the Institutions to work together to address any quality of life concerns reported by neighbors of the Institutions and other issues and concerns of common interest raised by the City or the Institutions. A summary of the accomplishments of this working group will be included in the annual reporting of community contributions as published by the City. The schedule and focus of the working group meetings will be assessed by the City and the Institutions from time to time and may be adjusted by mutual agreement.
- For the duration of the Memorandum and so long as the Institutions individually and collectively abide by the provisions of the Memorandum, the City shall agree to refrain from incremental requests for additional Voluntary Payments.
- For the duration of the Memorandum and so long as the Institutions individually and collectively abide by the provisions of the Memorandum, the City shall agree that no additional requests will be made by the City to the Institutions for financial contributions to the City of any type, such as but not limited to sponsorship of City events (e.g., PVDFest), streetscape improvements, public space improvements, and similar requests.
- 2003 Memorandum of Understanding Transition Parcels and Payments. All parties agree that all scheduled Transition Payments for Transition Parcels, as defined in Section 2.0 ("Transition Arrangements for Future Acquisitions") of the (2003 MOU), which were owned by the Institutions and in Transition as of June 30, 2023 will continue to be paid as scheduled through the Fifteenth Year (for each Transition Parcel) according to the terms and conditions of the 2003 MOU. No properties (a) acquired by the Institutions as of July 1, 2023 and after and declared to be tax-exempt; or (b)

acquired before July 1, 2023 that were not treated as Transition Parcels for which an Institution seeks a current tax exemption based upon the properties' usage, shall be considered Transition Parcels or be affected in any way by the 2003 MOU.


- Voluntary Undertakings. All parties agree that this Memorandum is a voluntary undertaking by the Institutions that was entered into even though the properties utilized by the Institutions are exempt from taxation and that the parties expect that such tax exemption will continue into the future. In the event, however, that Other Payments or Taxes (as defined in this Memorandum) are imposed upon any of the Institutions or their properties in the future that were not imposed upon the Institutions or their properties as of the date of the execution of this Memorandum, all parties agree that this Memorandum will terminate as to all of the Institutions thirty (30) days after the imposition of such taxes or fees and actual notice thereof to any affected Institution; however any Institution may elect, in writing and at its sole option, within such thirty (30) day period, to continue this Memorandum in effect with regard to that Institution. For the purpose of interpreting this Section only, the parties agree that the City may challenge the tax-exempt eligibility of any particular parcel based upon the use of such property utilizing any challenge that is legally available to the City as of the date of the execution of this Memorandum and for the purpose of interpreting this Section only. The term Other Taxes or Payments shall exclude any property taxes that could be lawfully assessed or imposed as of the date of this Memorandum upon any Institution, or upon any property of any Institution, based upon the use of such property.
- Tax-Exemption. The parties agree that nothing in this Memorandum affects, alters, diminishes or increases the legal status, force, or effect of the Institutions' tax exemption. Each Institution represents to the City that it is a charitable corporation and is exempt from federal income taxes under § 501(c)(3) of the Internal Revenue Code, as amended.
- Compliance. Notwithstanding anything to the contrary herein, a violation of this Memorandum by one Institution shall not constitute grounds for any adverse action against or consequence to any other Institution that has not violated this Memorandum.
- Change in Laws. The City agrees that, if at any time after the date of this Memorandum, there is a change in state laws resulting in the imposition of a tax whether in the nature of a user fee or otherwise (or there is an obligation in the nature of a real estate tax, regardless of the basis upon which the tax is calculated, or there is an obligation that has the effect of such a tax), with the result in any such event that directly or indirectly any Institution is required to make payments directly or indirectly to the City with respect to all or any portion of its properties therein, while this Memorandum remains in effect, such payment(s) will be credited against and shall reduce the Voluntary Payment and any other payments that each Institution has volunteered to make under this Memorandum.
- Other Payments or Taxes. If, while this Memorandum is in effect, the City assesses or imposes any taxes, fees, charges, or payments that are not in effect as of the date this Memorandum is executed ("**Other Payments or Taxes**") in respect to any Institution's tax- exempt properties or that have the effect of a tax on any Institution or on any Institution's currently tax-exempt property or currently tax-exempt operations, then in

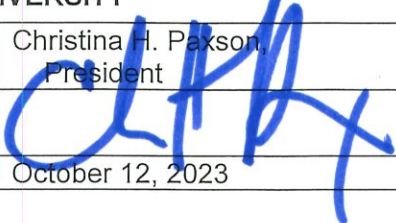
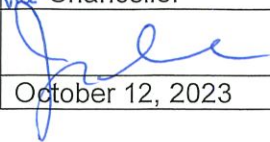
addition to any other right that such Institution may have, the Institution may contest the making of such Other Payments or Taxes and/or may offset (i.e., deduct) such Other Payments or Taxes from the Voluntary Payment or other payments volunteered to be made under this Memorandum and pay the Other Payments or Taxes under protest reserving the Institution's rights. The term "Other Payments or Taxes" shall exclude water and sewer use charges and the like, and other fees charged to property, but only if they are uniformly applicable to similar property (regardless of ownership or use) in the City. In no event shall a decision by an Institution to continue this Memorandum in effect despite the imposition of Other Payments or Taxes constitute or be construed as an admission that such Other Payments or Taxes may lawfully be imposed. An Institution reserves the right to challenge the imposition of Other Payments or Taxes regardless of whether it chooses to continue this Memorandum in effect.



- Notice of Intent Not to Pay. Each Institution's voluntary undertaking to make the Voluntary Payments described in this Memorandum has been memorialized in this Memorandum to permit the City to take into account such payments when it prepares budgets for the City. With regard to any payments referred to in this Memorandum, it will be each Institution's decision on a yearly basis whether to make such payments due during a fiscal year, and each Institution will give notice to the City of such decision at least fourteen months before the fiscal year in which such payments will not be made.
- General. Captions and section titles are for convenience of reference only, and shall not be used to construe this Memorandum. References to a Section include subsections thereof. The term "including" shall be interpreted to mean "including without limitation," unless the context otherwise expressly specifies. Footnotes and italicized explicative provisions are material parts of this Memorandum as fully as if set forth in the body of this Memorandum in regular typeface. This Memorandum may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall be deemed to constitute one instrument. This Memorandum constitutes the entire understanding between the parties and supersedes all previous discussions, negotiations, and agreements between the City and the Institutions with respect to the understandings herein.



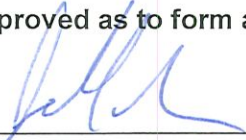
IN WITNESS WHEREOF, each of the parties has caused this Memorandum to be executed by their respective duly authorized officers as of the day and year first written above.

| THE CITY OF PROVIDENCE |   |
|------------------------|---|
| By (print):            | The Honorable Brett P. Smiley, Mayor  |
| By (sign):             |  |
| Date:                  | October 12, 2023  |

| BROWN UNIVERSITY |   | JOHNSON & WALES UNIVERSITY |   |
|------------------|---|----------------------------|---|
| By (print):      | Christina H. Paxson, President  | By (print):                | Mimi L. Runey, Joseph Greene<br>Vice Chancellor                                     |
| By (sign):       |  | By (sign):                 |  |
| Date:            | October 12, 2023  | Date:                      | October 12, 2023  |

| PROVIDENCE COLLEGE |   | RHODE ISLAND SCHOOL OF DESIGN |   |
|--------------------|---|-------------------------------|---|
| By (print):        | Father Kenneth R. Sicard, O.P., President   | By (print):                   | Crystal Williams, President   |
| By (sign):         |  | By (sign):                    |  |
| Date:              | October 12, 2023  | Date:                         | October 12, 2023  |

Approved as to form and correctness:

  
\_\_\_\_\_  
Jeffrey Dana, City Solicitor

**EXHIBIT A - VOLUNTARY PAYMENTS SCHEDULE**

| FISCAL YEAR       | BROWN         | JWU          | PC           | RISD         | ANNUAL TOTAL  |
|-------------------|---------------|--------------|--------------|--------------|---------------|
| 2024              | \$5,075,000   | \$600,000    | \$725,000    | \$600,000    | \$7,000,000   |
| 2025              | \$5,176,500   | \$612,000    | \$739,500    | \$612,000    | \$7,140,000   |
| 2026              | \$5,280,030   | \$624,240    | \$754,290    | \$624,240    | \$7,282,800   |
| 2027              | \$5,385,631   | \$636,725    | \$769,376    | \$636,725    | \$7,428,456   |
| 2028              | \$5,493,343   | \$649,459    | \$784,763    | \$649,459    | \$7,577,025   |
| 2029              | \$5,630,677   | \$665,696    | \$804,382    | \$665,696    | \$7,766,451   |
| 2030              | \$5,771,444   | \$682,338    | \$824,492    | \$682,338    | \$7,960,612   |
| 2031              | \$5,915,730   | \$699,397    | \$845,104    | \$699,397    | \$8,159,627   |
| 2032              | \$6,063,623   | \$716,882    | \$866,232    | \$716,882    | \$8,363,618   |
| 2033              | \$6,215,214   | \$734,804    | \$887,888    | \$734,804    | \$8,572,708   |
| 2034              | \$6,386,132   | \$755,011    | \$912,305    | \$755,011    | \$8,808,458   |
| 2035              | \$6,561,751   | \$775,773    | \$937,393    | \$775,773    | \$9,050,691   |
| 2036              | \$6,742,199   | \$797,107    | \$963,171    | \$797,107    | \$9,299,585   |
| 2037              | \$6,927,609   | \$819,028    | \$989,658    | \$819,028    | \$9,555,323   |
| 2038              | \$7,118,118   | \$841,551    | \$1,016,874  | \$841,551    | \$9,818,094   |
| 2039              | \$7,331,662   | \$866,797    | \$1,047,380  | \$866,797    | \$10,112,637  |
| 2040              | \$7,551,612   | \$892,801    | \$1,078,802  | \$892,801    | \$10,416,016  |
| 2041              | \$7,778,160   | \$919,585    | \$1,111,166  | \$919,585    | \$10,728,497  |
| 2042              | \$8,011,505   | \$947,173    | \$1,144,501  | \$947,173    | \$11,050,352  |
| 2043              | \$8,251,850   | \$975,588    | \$1,178,836  | \$975,588    | \$11,381,862  |
| TOTAL (2024-2043) | \$128,667,789 | \$15,211,955 | \$18,381,113 | \$15,211,955 | \$177,472,813 |

Escalator:

Years 2-5 = 2%

Years 6-10 = 2.5%

Years 11-15 = 2.75%

Years 16-20 = 3.0%

**EXHIBIT B - COMMUNITY CONTRIBUTIONS SCHEDULE**

| FISCAL YEAR       | BROWN         | J&W          | PC           | RISD         | ANNUAL TOTAL  |
|-------------------|---------------|--------------|--------------|--------------|---------------|
| 2024              | \$5,075,000   | \$600,000    | \$725,000    | \$600,000    | \$7,000,000   |
| 2025              | \$5,176,500   | \$612,000    | \$739,500    | \$612,000    | \$7,140,000   |
| 2026              | \$5,280,030   | \$624,240    | \$754,290    | \$624,240    | \$7,282,800   |
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| 2030              | \$5,771,444   | \$682,338    | \$824,492    | \$682,338    | \$7,960,612   |
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| 2032              | \$6,063,623   | \$716,882    | \$866,232    | \$716,882    | \$8,363,618   |
| 2033              | \$6,215,214   | \$734,804    | \$887,888    | \$734,804    | \$8,572,708   |
| 2034              | \$6,386,132   | \$755,011    | \$912,305    | \$755,011    | \$8,808,458   |
| 2035              | \$6,561,751   | \$775,773    | \$937,393    | \$775,773    | \$9,050,691   |
| 2036              | \$6,742,199   | \$797,107    | \$963,171    | \$797,107    | \$9,299,585   |
| 2037              | \$6,927,609   | \$819,028    | \$989,658    | \$819,028    | \$9,555,323   |
| 2038              | \$7,118,118   | \$841,551    | \$1,016,874  | \$841,551    | \$9,818,094   |
| 2039              | \$7,331,662   | \$866,797    | \$1,047,380  | \$866,797    | \$10,112,637  |
| 2040              | \$7,551,612   | \$892,801    | \$1,078,802  | \$892,801    | \$10,416,016  |
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| 2042              | \$8,011,505   | \$947,173    | \$1,144,501  | \$947,173    | \$11,050,352  |
| 2043              | \$8,251,850   | \$975,588    | \$1,178,836  | \$975,588    | \$11,381,862  |
| TOTAL (2024-2043) | \$128,667,789 | \$15,211,955 | \$18,381,113 | \$15,211,955 | \$177,472,813 |