

RESOLUTION OF THE CITY COUNCIL

No. 342

Approved August 9, 2006

WHEREAS, The Providence Public Buildings Authority (the "Authority") was constituted as a body corporate and politic of the City of Providence pursuant to the provisions of Chapter 50 of title 45 of the General Laws of Rhode Island (the "Act") and a resolution duly passed by this City Council on August 13, 1987; and

WHEREAS, The Authority may develop its projects only upon the request of the Mayor and the City Council; and

WHEREAS, the general laws relating to school housing aid from the State of Rhode Island have been amended to allow the inclusion of interest as a "school housing project cost" only if the bonds or other financing for such projects are issued through the Rhode Island Health and Educational Building Corporation ("RIHEBC"); and

WHEREAS, existing financing arrangements with the Authority relating to school projects may require that the Authority participate with RIHEBC in the financing of school projects for the City; and

WHEREAS, The Mayor has submitted the proposal attached hereto as Exhibit "A" for the City Council's approval.

NOW, THEREFORE, BE IT RESOLVED,

1. That the City Council hereby approves the Proposal of the Mayor dated July 17, 2006 attached hereto (the "Proposal") which, among other things, requests the Authority and/or RIHEBC to use best efforts to finance the acquisition, construction, renovation, repair, replacement, improvement, furnishing and equipping of schools and school facilities in the City, including but not limited to, a new high school (the "2006 High School Project"), an indoor sports complex (the "Sports Complex Project") and various school renovation projects including the renovation of the Fox Point Bathhouse to serve as a library for the Vartan Gregorian School (the "2006 Miscellaneous Renovation Projects"), the phase III renovations to Central High School and additional renovations to other schools and school facilities in the City (the "Central High School and Other Renovation Projects") and undertake any other acts necessary or incidental thereto and to pay certain costs of issuance (collectively, the "Projects"), and to issue bonds, notes, or other evidences of indebtedness (the "Obligations") in an amount not to exceed Sixty Million Dollars (\$60,000,000) to provide funding for the Projects.

2. That the City Council hereby authorizes the Mayor to negotiate and lease the Projects from the Authority and/or RIHEBC and to transfer such additional property to the Authority and/or RIHEBC as shall be necessary to secure the Obligations.

3. That the Mayor, the Director of Finance and the City Treasurer be, and they hereby are, authorized to take any and all action and to execute, file and deliver any and all agreements, notes, deeds, leases and other documents, and amendments thereto, as they, in their sole discretion, may deem necessary or desirable to implement the transaction contemplated by the Proposal.

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Neehan. Big Ragwort

4. That the City's Department of Public Property shall submit all estimates, bids, etc. regarding such construction, renovation, rehabilitation, improvement, furnishing, and equipping of the Projects to the Committee on Finance of the City Council as such estimates become available.

5. The City's Director of Finance is authorized to execute and deliver continuing disclosure certificates in connection with the Obligations issued by the Authority and/or RIHEBC, in such form as shall be deemed advisable by the City's Director of Finance. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of each continuing disclosure certificate, as it may be amended from time to time. Notwithstanding any other provision of this Resolution or the Obligations, failure of the City to comply with any continuing disclosure certificate shall not be considered an event of default; however, any bondholder or noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Resolution and under any continuing disclosure certificate.

6. This Resolution is an affirmative action of the City Council towards the issuance of the Authority's and/or RIHEBC's Obligations in accordance with the purposes of the laws of the State. This Resolution constitutes the City's declaration of official intent, pursuant to Treasury Regulation ' 1.150-2, to reimburse its General Fund in an amount not to exceed Sixty Million Dollars (\$60,000,000) for certain capital expenditures for the Projects paid on or after the date which is sixty (60) days prior to the date of this Resolution but prior to the issuance of the Authority's and/or RIHEBC's Obligations, or otherwise as permitted by such regulation. Amounts to be reimbursed shall be reimbursed not later than eighteen months after (a) the date on which the expenditure is paid or (b) the date the Projects are placed in service or abandoned, but in no event more than three (3) years after the date the expenditure is paid.

7. With respect to the Project authorized herein, to the extent that the construction of such Project requires any amendment of the zoning ordinance or zoning map of the City, the City Council hereby initiates the same and directs that the City Planning Commission at its earliest opportunity provide it with its findings and recommendations as provided for in Rhode Island General Laws Section 45-24-52, as amended, and that the City Clerk schedule a public hearing of the City Council with all reasonable dispatch, giving proper notice as prescribed in Rhode Island General Laws Section 45-24-53, for this City Council to act on the proposed amendment.

8. This Resolution shall take effect on passage and shall supersede and supplement the Resolution passed by the City Council on July 18, 2005.

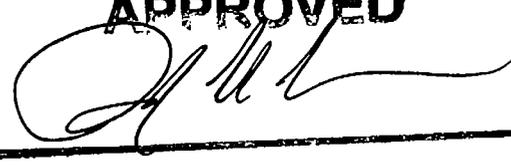
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IN CITY COUNCIL
AUG 3 2006
READ AND PASSED


PRES.


CLERK

APPROVED



MAYOR 8/10/06



Mayor of Providence

David N. Cicilline

July 17, 2006

Lloyd Granoff
Chairman
Providence Public Buildings Authority
400 Westminster Street
Providence, Rhode Island 02903

Dear Mr. Granoff: *Lloyd*

Section 45-50-10 authorizes any authority created pursuant to the Municipal Public Buildings Authorities Law to acquire and construct public facilities and to acquire public equipment; to maintain, renovate, repair and operate the same; and to issue revenue bonds to finance the same.

Chapter 16-7 of the General Laws provides for state grants to reimburse a portion of a municipality's cost of providing school housing. Section 16-7-44 was recently amended so that interest costs on financing for school housing is eligible to be taken into account as a cost of school housing only if the financing is accomplished through the Rhode Island Health and Educational Building Corporation ("RIHEBC"). Existing financing arrangements with Providence Public Buildings Authority (the "Authority") relating to school projects may require that the Authority participate with RIHEBC in the financing of school projects for the City.

Pursuant to Section 45-50-10 of the General Laws of the State of Rhode Island, on April 7, 2005, I proposed and requested that the Providence City Council join me in requesting the Authority and/or RIHEBC use its best efforts to finance the acquisition, construction, renovation, repair, replacement, improvement, furnishing and equipping of schools and school facilities in the City, including but not limited to, a new high school and an indoor sports complex (the "Projects"), and to issue bonds, notes or other evidence of indebtedness (the "Obligations") to provide funding for the Projects. The Providence City Council on July 18, 2005 adopted a resolution in response to my initial proposal and request approving funding in an amount not to exceed Forty-Two Million Dollars (\$42,000,000).

The Authority and/or RIHEBC were further requested to obtain title to the real estate and improvements constituting the Projects or such additional property as shall be necessary to secure the Obligations and to cooperate with the City of Providence in the

City of Providence, Rhode Island 02903
Phone (401) 421-7740 Fax (401) 274-8240

Lloyd Granoff
July 17, 2006
Page 2

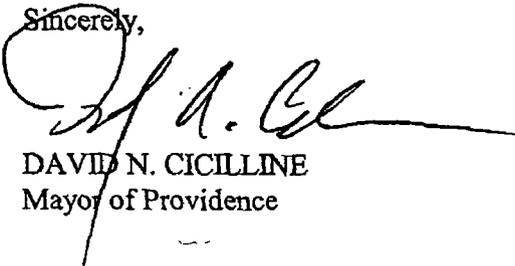
development, planning, construction, maintenance, and operation of the Projects and to lease the Projects to the City for the benefit of the citizens of Providence.

In addition to the financing previously requested in my initial proposal and request, I hereby propose and request that the Providence City Council join me in requesting the Authority and/or RIHEBC issue additional Obligations in an additional amount not to exceed Eighteen Million Dollars (\$18,000,000) to provide financing for the phase III renovations to Central High School and additional renovations to other schools and school facilities in the City, all of which would be added to the Projects.

Based on the additional financing requirements identified since my initial proposal and request, the Authority and/or RIHEBC are requested to issue Obligations in the amount not to exceed Sixty Million Dollars (\$60,000,000) to provide funding for the Projects, to capitalize interest, if permitted, to pay the costs of issuance of the Obligations and such other expenses as may be necessary or incidental to the completion of the Projects.

This request is subject to the approving vote of the Providence City Council.

Sincerely,



DAVID N. CICILLINE
Mayor of Providence