

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 1998-32

No. 401 AN ORDINANCE ESTABLISHING A TAX STABILIZATION PLAN FOR AAA SOUTHERN NEW ENGLAND

Approved July 21, 1998

Be it ordained by the City of Providence:

PREAMBLE

WHEREAS, the City Council, pursuant to Section 43-3-3.1 and Section 44-3-9 of the General Laws of the State of Rhode Island, as amended, has the authority to exempt property used for industrial or 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

WHEREAS, AAA Southern New England has made application under, and has satisfied each condition of the above mentioned sections of the Rhode Island General Laws; and

WHEREAS, AAA Southern New England is a commercial concern who intends to relocate its facility to the City of Providence and agrees, as a condition of the hereinafter referenced "tax treaty," to increase its workforce in the City of Providence, by virtue of such relocation to 301 Silver Spring Street, in Providence, Rhode Island 02904, on Assessor's Plat 1, Lot 89 and ("Project"); and

WHEREAS, the Project will cause an increase in the tax base of the City and will increase employment opportunities 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 Project 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 Preamble Clauses are hereby made and confirmed.

SECTION 2. As long as AAA Southern New England owns or operates the facility, it will continue to pay taxes on the facility. AAA Southern New England

No.

CHAPTER

AN ORDINANCE ESTABLISHING A
TAX STABILIZATION PLAN FOR
AAA SOUTHERN NEW ENGLAND

DEPT. OF CITY CLERK
PROVIDENCE, R.I.

JUN 23 11 12 AM '98

FILED

IN CITY COUNCIL
MAY 7 1998
FIRST READING
REFERRED TO COMMITTEE ON
FINANCE

CLERK

THE COMMITTEE ON

Finance
Recommends

Discussion

Claire E. Bestwick
June 3, 1998 Clerk
June 18, 1998 Public Hearing

THE

[Redacted], as amended

Claire E. Bestwick
June 22, 1998 Clerk

Councilwoman Roman (By Request)

its successors and assigns, agree that this property will be subject to full taxation at the expiration of the tax treaty. AAA Southern New England 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. AAA Southern New England 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 during the term of the tax treaty 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, AAA Southern New England will be responsible to make payments in lieu of taxes to the City of Providence in the amounts set forth in the attached schedule during the term of the tax treaty. In the event that the property covered by this Ordinance is transferred to a tax-exempt entity, whether by AAA Southern New England or any subsequent transferee to such property, AAA Southern New England will be responsible to make payments in lieu of taxes to the City of Providence during the term of the tax treaty 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 of this Section 2. 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 3. It shall be the goal of AAA Southern New England 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 AAA Southern New England's 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). It shall be a further goal of AAA Southern New England to achieve a minimum level of 10% for minority and 10% for female employment.

SECTION 4. AAA Southern New England shall employ a minimum of one hundred and fifty (150) employees at the facility located at 301 Silver Spring Street in Providence upon occupancy of said facility. Thereafter, on or about,

within twenty-four (24) months from the date of occupancy, AAA Southern New England shall employ, at a minimum, an additional two hundred (200) new employees at the Silver Spring facility. In accordance with this section, AAA Southern New England shall give preferential consideration to qualified applicants who reside in the City of Providence with regard to all hiring decisions during the term of this tax treaty. For the purpose of this section the date of occupancy shall mean the actual date in which AAA Southern New England begins to operate from the Silver Spring facility or, on or about November 1, 1998, whichever is sooner. Failure to generate the required additional new jobs within twenty-four (24) months of the date of occupancy, shall render the treaty null and void, unless so waived by the City Council. The treaty being rendered null and void shall require the owner of the property to pay all taxes and fees as due and owing as if no treaty had been entered.

SECTION 5. The schedules listed below are based upon information provided to the Tax Assessor by AAA Southern New England 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.

SECTION 6. That the real and personal property taxes payable to the City by the Project during the term of this Ordinance shall be based upon the real and personal property tax rates in effect for the City's 1998 fiscal year. This treaty is conditioned upon AAA Southern New England 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. The treaty being rendered null and void would require the owner to pay all taxes and fees as due and owing as if no treaty had been approved.

SECTION 7. That the City in accordance with Section 44-3-3.1 and Section 44-3-9 of the Rhode Island General Laws hereby grants an exemption from taxation of both real and personal property to AAA of Southern New England, for the real property located at 301 Silver Spring Street, Providence, Rhode Island, Assessor's Plat 1, Lot 89, and the personal property located at said location which is used exclusively for and in connection with the operations of AAA Southern New England at said location, in accordance with the schedules listed in Exhibit A, attached hereto and made a part hereof.

SECTION 8. This Ordinance shall take effect upon its passage.

IN CITY COUNCIL
JUL 2 1998
FIRST READING
READ AND PASSED
Juan M. Argelone CLERK

IN CITY COUNCIL
JUL 20 1998
FINAL READING
READ AND PASSED
Cheryl V. Fargnoli PRESIDENT
Michael R. Clement CLERK

APPROVED
JUL 27 1998
Vincent A. Blum
MAYOR

RECEIVED BY CITY ASSESSOR
PROVIDENCE RHODE ISLAND

4/13/98 DATE

APPLICATION FEE FORWARDED TO
COLLECTOR

500.00 AMOUNT

REVIEWED BY ASSESSOR WITH THE
FOLLOWING RECOMMENDATIONS

Approval by City
Council. These projects
increase tax base.

SIGNATURE/DATE/ASSESSOR

[Signature] 4/29/98

RECEIVED BY CITY COLLECTOR

4-27-98

APPLICANT OWES FOLLOWING TAXES YEAR AMOUNT

TAXES ARE PAID IN FULL

yes - in the amt. of \$168,472.14 (1997)

ARRANGEMENTS HAVE BEEN MADE

n/a YES n/a NO

SIGNATURE/DATE/COLLECTOR

[Signature] 4-27-98

RECEIVED BY BUILDING INSPECTOR
DATE

4-14-98

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. Joffe

- plans have not been submitted to this
office yet

FILED

APR 29 4 21 PM '99

DEPT. OF JUSTICE
PROVIDENCE, R.I.

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 (COM/IND)
\$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 April 10, 1998

- | | |
|--|--|
| 1. NAME & ADDRESS OF APPLICANT
(IF CORPORATION/PARTNERSHIP,
GIVE NAME & TITLE OF CEO FILING
APPLICATION). | <u>AAA Southern New England</u>
<u>501 Centerville Road</u>
<u>Warwick, RI 02886</u>
<u>H. Thomas Rowles, President</u> |
| 2. IF APPLICANT IS LESSEE, GIVE
NAME AND ADDRESS OF OWNER
AND SPECIFIC TERMS OF LEASE | <u>N/A</u>
<u> </u>
<u> </u>
<u> </u>
<u> </u> |
| 3. LOCATION OF PROPERTY | <u>301 Silver Spring Street, Providence, RI 02904</u> |
| 4. ASSESSOR'S PLAT AND LOT | <u>Assessor's Plat 1, Lot 89</u> |
| 5. DATE & PURCHASE PRICE OF
EXISTING PROPERTY | <u>\$4,250,000</u>
<u>Expected closing between May 1 - May 15, 1998</u> |
| 6. COST & PROJECTED DATE OF
ADDITIONAL PROPERTY TO BE
PURCHASED FOR THIS
EXPANSION PROJECT | <u>N/A</u>
<u> </u>
<u> </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.) \$1,500,000
Reconfiguration of building interior,
one story and small area of second level
office space, 100,000 sq. ft.
(See attached Exhibit A)

8. DESCRIBE EXISTING FACILITY:

# OF STORIES	<u>1</u>
# OF SQ. FT./ FLOOR	<u>100,000 sq. ft.</u>
AGE OF BUILDING(S)	<u>3 years</u>
TYPE OF CONSTRUCTION	<u>block/structural steel frame</u>
INTERIOR CONDITION	<u>good</u>
EXTERIOR CONDITION	<u>good</u>

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

<u>X</u>	a. locate in City of Providence
<u> </u>	b. replace section of premises
<u> </u>	d. expand building
<u>X</u>	e. remodel facility
<u> </u>	f. construct new building (s)
<u> </u>	g. computer/telephone
<u> </u>	h. other

10. WILL PROPOSED CONSTRUCTION/ ALTERATION INCREASE THE EMPLOYMENT AT YOUR COMPANY YES X NO
Approximately 220 new employment
opportunities will be provided in
Rhode Island, based on the consolidation
of out-of-state facilities

11. WILL THE PROPOSED ALTERATION/ CONSTRUCTION CAUSE ANY OTHER FACILITY TO CLOSE? YES NO X

12. WILL CONSTRUCTION/ALTERATION REQUIRE PURCHASE OF ADDITIONAL FURNITURE/FIXTURES/EQUIPMENT? YES X NO
Office furniture, computers, fixtures,
telecommunication equipment and other related
equipment. Approximately \$2,250,000

Exhibit A

EKMAN & ARP
ARCHITECTS

April 10, 1998

AAA Southern New England
501 Centerville Road
Warwick, RI 02886

Att: Mark Shaw, Executive Vice President

Gentlemen:

We have completed our initial estimate for construction costs to renovate the interior of your new Providence facility.

Although we will be re-using as many of the building systems as possible, the construction costs will be in excess of \$1,500,000.00.

These figures do not include furnishings or make allowance for AAA owned equipment being relocated to the facility.

Please advise if you require any additional information.

Very truly yours,



Robert P. Arp

RPA:yk

LAAA/W

Edward O. Ekman Robert P. Arp
Twenty Five Messenger Drive
Warwick, Rhode Island 02888 1087
401-461-3321 FAX: 401-461-3300

April 13, 1998

VIA HAND DELIVERY

Mr. Thomas P. Rossi
Tax Assessor
City of Providence
City Hall
Providence, RI 02903

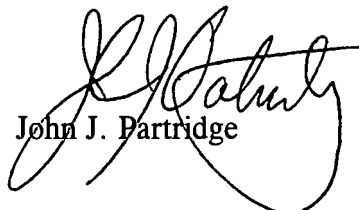
Re: AAA Southern New England Operations Center/Application for Tax
Stabilization for Commercial and Industrial Properties

Dear Mr. Rossi:

On behalf of our client, AAA Southern New England, I am forwarding one (1) copy of the Application for Tax Stabilization for Commercial and Industrial Properties regarding the above-referenced project for your review and consideration. Also enclosed is a check in the amount of Five Hundred Dollars (\$500) in payment of the application fee, of which Three Hundred Dollars (\$300) is the fee for a "permit over \$751,000" and Two Hundred Dollars (\$200) is for the "computer/telephone" equipment fee.

We look forward to receiving the City's proposed tax stabilization plan for the above-referenced project. Please do not hesitate to contact this office with any questions you may have regarding the enclosed application.

Very truly yours,


John J. Partridge

JJP/DMK/dad

Enclosure

cc: Ms. Rosemary Glancy
Mr. H. Thomas Rowles
Mr. Mark A. Shaw

INSTRUCTION FOR FILING
APPLICATION FOR TAX STABILIZATION
FOR COMMERCIAL AND INDUSTRIAL PROPERTIES

PURPOSE: THE PURPOSE OF THE ORDINANCE IS TO GRANT A PROPERTY TAX EXEMPTION FOR PROPERTY USED FOR INDUSTRIAL PURPOSES IF THE GRANTING OF AN EXEMPTION WILL:

- * cause a commercial industrial concern to locate in the city;
- * cause a commercial industrial concern to replace, reconstruct, expand or remodel existing buildings and facilities and thereby increase the tax base in the city.
- * cause a commercial industrial concern to construct new buildings or facilities and thereby increase employment opportunities

ELIGIBILITY: PROVISIONS OF THIS ORDINANCE SHALL APPLY TO COMMERCIAL / INDUSTRIAL PROPERTY DEFINED TO MEAN BUILDINGS, STRUCTURES AND OTHER IMPROVEMENTS THERETO, THE PRIMARY PURPOSE AND USE OF WHICH IS THE MANUFACTURE OF GOODS AND MATERIALS.

Commercial/ Industrial property shall include facilities related to a manufacturing operation including but not limited to office, engine, research and development, warehousing or parts distribution facilities, but shall not include land.

PROCEDURE:

1. No person shall be entitled to any exemption without first filing an application with the Office of City Assessor.
2. No application shall be considered unless application is filed prior to the issuance of building permit with respect to the property.
3. No application shall be considered unless estimated cost of new construction exceeds 20 % of the assessed value of the commercial/ industrial property or \$100,000 whichever is less.
4. The Building Inspector shall review the application to determine any violations of the provisions of the building code with respect to the property of the applicant and any other property in the city owned by the applicant.

If violation so exist, the Building Inspector shall forward a statement stating the nature and extent of the violations. No exemption shall be granted until such have been cured.

PARTRIDGE, SNOW & HAHN
 COUNSELLORS AT LAW
 180 SOUTH MAIN STREET
 PROVIDENCE, RHODE ISLAND 02903

DATE	INVOICE NO.	AMOUNT
DMK/DAH		
Plt 1 Lt 89		
Stabilization		

42066

57-1
115

PAY *Five Hundred* — 00/xx

DOLLARS

DATE	TO THE ORDER OF	CHECK NO.	DESCRIPTION	CHECK AMOUNT
4-10-98	City of Providence	42066	6294-13	500.00



Security features
included.
Details on back.

FLEET NATIONAL BANK-PROVIDENCE, RHODE ISLAND

[Signature]

AAA

⑈042066⑈ ⑆011500010⑆ 17 5514005⑈

	A	B	C	D	E	F
1	AAA					
2	Plat 1 Lot 89					
3	Silver Spring Ind. Park					
4						
5						
6	Year #	% Abated	Date	Taxes Pd.	Assessment	Taxes Abated
7						
8	1	0%	12/31/97	\$ 134,361	\$ 4,200,100	\$ -
9	2	0%	12/31/98	\$ 134,361	\$ 4,200,100	\$ -
10	3	0%	12/31/99	\$ 134,361	\$ 4,200,100	\$ -
11	4	0%	12/31/00	\$ 134,361	\$ 4,200,100	\$ -
12	5	0%	12/31/01	\$ 134,361	\$ 4,200,100	\$ -
13	6	0%	12/31/02	\$ 134,361	\$ 4,200,100	\$ -
14	7	0%	12/31/03	\$ 134,361	\$ 4,200,100	\$ -
15	8	0%	12/31/04	\$ 134,361	\$ 4,200,100	\$ -
16	9	0%	12/31/05	\$ 134,361	\$ 4,200,100	\$ -
17	10	0%	12/31/06	\$ 134,361	\$ 4,200,100	\$ -
18						
19						
20	Totals			\$ 1,343,612	\$ 42,001,000	\$ -
21						
22	Total Assessment	\$ 4,200,100.00				

	A	B	C	D	E	F
1	Year #	% Abated	Date	Taxes Pd.	Assessment Abated	Taxes Abated
2						
3	1	90%	12/31/97	7,678.00	\$ 900,000	69,102.00
4	2	80%	12/31/98	15,356.00	\$ 800,000	61,424.00
5	3	70%	12/31/99	23,034.00	\$ 700,000	53,746.00
6	4	60%	12/31/00	30,712.00	\$ 600,000	46,068.00
7	5	50%	12/31/01	38,390.00	\$ 500,000	38,390.00
8	6	40%	12/31/02	46,068.00	\$ 400,000	30,712.00
9	7	30%	12/31/03	53,746.00	\$ 300,000	23,034.00
10	8	20%	12/31/04	61,424.00	\$ 200,000	15,356.00
11	9	10%	12/31/05	69,102.00	\$ 100,000	7,678.00
12	10	0%	12/31/06	76,780.00	\$ -	-
13						
14						
15	Totals			\$ 422,290	\$ 4,500,000	\$ 345,510
16						
17	Total Assessment	\$ 1,000,000.00				

	A	B	C	D	E	F
1	Year #	% Abated	Date	Taxes Pd.	Assessment Abated	Taxes Abated
2						
3	1	90%	12/31/97	7,678.00	\$ 900,000	69,102.00
4	2	80%	12/31/98	15,356.00	\$ 800,000	61,424.00
5	3	70%	12/31/99	23,034.00	\$ 700,000	53,746.00
6	4	60%	12/31/00	30,712.00	\$ 600,000	46,068.00
7	5	50%	12/31/01	38,390.00	\$ 500,000	38,390.00
8	6	40%	12/31/02	46,068.00	\$ 400,000	30,712.00
9	7	30%	12/31/03	53,746.00	\$ 300,000	23,034.00
10	8	20%	12/31/04	61,424.00	\$ 200,000	15,356.00
11	9	10%	12/31/05	69,102.00	\$ 100,000	7,678.00
12	10	0%	12/31/06	76,780.00	\$ -	-
13						
14						
15	Totals			\$ 422,290	\$ 4,500,000	\$ 345,510
16						
17	Total Assessment	\$ 1,000,000.00				