

RESOLUTION OF THE CITY COUNCIL

No. 488

Approved November 16, 2009

WHEREAS, The Providence Public Buildings Authority (the "Authority") was constituted as a body corporate and politic of the City of Providence (the "City") 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's creation was approved by the Public Finance Management Board on February 12, 1988; and

WHEREAS, The Authority may now duly transact its business of acquiring and constructing public facilities, acquiring public equipment; maintaining, renovating, repairing and operating the same; and issuing its revenue bonds and/or notes to finance the public facilities and public equipment that constitute projects under the Act; and

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

WHEREAS, Such request must take the form of a proposal by the Mayor approved by the City Council; and

WHEREAS, The general laws relating to school housing aid in the State of Rhode Island have been amended to encourage the financing for such projects to be undertaken 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 American Recovery and Reinvestment Act of 2009, Public Law 111-5, created a new type of tax-credit bond known as Qualified School Construction Bonds ("QSCBs") to encourage the construction and improvement of public schools; and

WHEREAS, The Internal Revenue Service has released Notice 2009-35 which allocates \$11 billion of 2009 calendar year volume cap for QSCBs to states and large educational agencies; and

WHEREAS, Notice 2009-35 allocates \$22,338,000 in QSCB volume cap to the City of Providence ("Providence" or the "City"); and

WHEREAS, Issuance of QSCBs provides a benefit to the State of Rhode Island (the "State") inasmuch as tax-credit bonds, under most circumstances, do not pay interest to bondholders and the State need not provide state housing aid to the issuer for interest on the QSCBs; and

WHEREAS, Notice 2009-35 provides that the allocations of volume cap for QSCBs are effective for QSCBs issued before January 1, 2010; and

WHEREAS, Section 16-7-44 of the general laws requires that bonds, notes and other forms of indebtedness issued in support of school housing projects require passage of an enabling act by the general assembly; and

WHEREAS, The general assembly has approved legislation authorizing the Providence Public Buildings Authority to issue QSCBs in the form of lease revenue bonds or other evidences of indebtedness up to an amount not exceeding twenty-two million three hundred thirty-eight thousand dollars (\$22,338,000) from time to time under its corporate name and seal, to provide funding for "Warm, Safe and Dry" projects in Providence public schools, and has approved such bonds or evidences of indebtedness as eligible for state housing aid reimbursement; 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 November 5, 2009 attached hereto (the "Proposal") which, among other things, requests the Authority (acting either independently or in conjunction with a RIHEBC financing in which the Authority participates) to use best efforts to finance the renovation, rehabilitation, repair, replacement, improvement, furnishing and equipping of schools and school facilities, including but not limited to, remediation of fire code violations, repair, replacement, improvement and installation of roofs, heating, ventilation, air conditioning and fire alarm systems, including design and feasibility, engineering or other studies which may be necessary in connection therewith and other acts incidental thereto (the "2009 Warm, Safe and Dry Projects").

2. That in connection with the Projects, there shall be financed certain costs of issuance, capitalized interest, the funding of a debt service reserve fund or obtaining a surety bond with respect thereto and other necessary or incidental expenses, and to effect such financing as approved by the City Council as aforesaid there shall be issued bonds, notes, and/or other evidences of indebtedness which qualify as QSCBs which may, if deemed advisable, be sold as non-interest bearing obligations or as interest bearing obligations (the "Bonds") in an amount not to exceed Twenty-Two Million Three Hundred Thirty-Eight Thousand Dollars (\$22,338,000) to provide funding for the Projects.

3. That the City Council hereby authorizes the Mayor to negotiate and lease the Page 3
Projects from the Authority and to transfer or lease the Projects and such additional property to
the Authority as shall be necessary to secure the Bonds.

4. 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 transactions contemplated by
the Proposal.

5. 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.

6. The City's Director of Finance is authorized to execute and deliver continuing
disclosure certificates in connection with the Bonds issued by the Authority and/or RIHEBC (in
conjunction with a financing in which the Authority participates), 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 Bonds 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 mandamus or specific performance by
court order, to cause the City to comply with its obligations under this Resolution and under any
continuing disclosure certificate.

7. This resolution constitutes the City's declaration of official intent to reimburse
itself for certain capital expenditures paid prior to the issuance of the qualified school
construction bonds. This declaration is made solely for purposes of establishing compliance with
requirements of Section 54A(d)(2)(D)(i) and 54A(d)(2)(D)(ii) of the Internal Revenue Code.
This declaration does not bind the City to make any expenditure, incur any indebtedness, or
proceed with the Project.

8. With respect to the Projects 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.

9. This Resolution shall take effect on passage.

IN CITY COUNCIL
NOV 5 2009
READ AND PASSED

Josephine Di Ferrigno
Acting PRES.

Ann M. Allen
CLERK

APPROVED

[Signature]
MAYOR 11/16/09



November 5, 2009

Mayor of Providence

David N. Cicilline

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

Dear Lloyd:

Section 45-50-10 of the General Laws of Rhode Island authorizes any authority created pursuant to the Municipal Public Buildings Authorities Law to acquire and construct public facilities and to acquire public equipment that constitute projects under said law; to maintain, renovate, repair and operate the same; and to issue revenue bonds to finance the same.

Chapter 16-7 of the General Laws of Rhode Island provides for state grants to reimburse a portion of a municipality's cost of providing school housing and Section 16-7-44 was recently amended to encourage school financings to be accomplished through the Rhode Island Health and Educational Building Corporation ("RIHEBC"). The City of Providence (the "City") and RIHEBC have existing financing arrangements with Providence Public Buildings Authority (the "Authority") relating to school projects which may require that the Authority participate with RIHEBC in the financing of school projects for the City.

In addition, the American Recovery and Reinvestment Act of 2009 created a new type of tax-credit bond known as Qualified School Construction Bonds ("QSCBs") to encourage construction and improvement of public schools and the City has been allocated \$22,338,000 in QSCB volume cap. QSCBs are less expensive for the City than conventional financing as QSCBs are tax-credit bonds which, under most circumstances, do not bear interest. The \$22,338,000 allocation for Providence expires on December 31, 2009 and therefore, the Bonds must be issued before that date. The general assembly has approved the issuance of the Bonds and has approved such Bonds as eligible for school housing aid reimbursement.

Pursuant to Section 45-50-10 of the General Laws of the State of Rhode Island, I hereby propose and request that the Providence City Council join me in requesting the Authority (acting either independently or in conjunction with a RIHEBC financing in which the Authority participates) to use its best efforts to finance the renovation, rehabilitation, repair, replacement, improvement, furnishing and equipping of schools and school facilities, including but not limited to, remediation of fire code violations, repair, replacement, improvement and installation of roofs, heating, ventilation, air conditioning and fire alarm systems, including design and feasibility, engineering or other studies which may be necessary in connection therewith and other acts incidental thereto (the "2009 Warm, Safe and Dry Project").

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

Mr. Lloyd Granoff
November 5, 2009
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The Authority and/or RIHEBC (in conjunction with the Authority) are 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 Bonds and to cooperate with the City of Providence in the 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.

The Authority (acting either independently or in conjunction with a RIHEBC financing in which the Authority participates) is requested to issue Bonds which qualify as QSCBs in the amount not to exceed Twenty-Two Million Three Hundred Thirty-Eight Thousand Dollars (\$22,338,000) to provide funding for the Projects, to capitalize interest, if permitted, to pay the costs of issuance of the Bonds, to fund a debt service reserve fund or obtain a surety obligation with respect thereto and to fund 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,

A handwritten signature in dark ink, appearing to read 'D. Cicilline', with a long horizontal flourish extending to the right.

David N. Cicilline
Mayor