

RESOLUTION OF THE CITY COUNCIL

No. 404

Approved July 7, 1994

Resolved, That His Honor, the Mayor, is hereby authorized to execute documents relative to the sale of the Port of Providence to Public Assets Management, Inc., a California corporation, or its' designee, which shall be limited to a Rhode Island, non-profit corporation, and which are described as various lots on Assessor's Plat 56, (see Exhibit A) for a sum of Sixteen Million, Six Hundred Fifty-Five Thousand Dollars (\$ 16,655,000.00), pursuant to the terms and conditions as have been imposed by the Committee on City Property, the City Council, the City Solicitor and His Honor, the Mayor. These terms shall include, but not be limited to, the following:

1. The submission of a non- refundable, good faith deposit in the amount of \$250,000.00 by July 6, 1994, to be held in escrow by the Finance Director.
2. The submission of a written commitment for bond insurance or a private financing by July 20, 1994, in a form satisfactory to the Finance Director. The Finance Director is authorized to extend this deadline if it is deemed to be in the best interest of the City. The Finance Director shall immediately notify the City Council prior to any extension. The commitment cannot enlarge the City's responsibilities for credit enhancement, other than that which the City has already agreed to.
3. The submission to the City Council of a proposal for payments to the City in lieu of taxes on the land being purchased by August 18, 1994.
4. The submission of a plan to the City Council, prior to closing, for establishing of a Rhode Island, non-profit corporation, including provisions for the selection of the Board of Directors and the financing of the operations . The City Council and His Honor, The Mayor, shall have appointments to the board.
5. The submission of a Transition Plan, prior to closing, for the transfer of port operations from the City of Providence.
6. The submission of a Request For Proposals for a Port Operator, by August 18, 1994. This Request For Proposal must be approved by the Providence Redevelopment Agency , or its' designee. All responses to the Request For Proposals shall be available for public inspection prior to the vote

of the board.

7. The deed for the property shall include all restrictions imposed the City Council and all existing restrictions and encumbrances. The restrictions on the use of the property prohibit (a) passenger shipping, (b) eating and/or drinking establishments and (c) casino gambling activities at the site. These restrictions could be amended or removed, by resolution, of a majority vote of the entire membership of the City Council, upon proper consideration and/or conditions, as it deems reasonable.

8. The property is sold subject to the existing land leases.

9. A commitment to open as soon as possible a dialogue with the tenants and unions currently at the Port of Providence.

10. The execution of a purchase and sales agreement by July 15, 1994 and a closing by August 15, 1994. Time is of the essence. These deadlines may be extended by the Finance Director if it is deemed to be in the best interest of the City. The City Council shall be immediately notified prior to any extension.

11. The documents shall include a provision which would permit the Providence Redevelopment Agency to purchase the property for the sum of one (1) dollar at the end of thirty (30) years

IN CITY COUNCIL
June 30, 1994
READ AND PASSED
James J. ...
PRES.
John M. ...
CLERK

APPROVED
JUL - 7 1994
Vincent ...
MAYOR

THEODORE C. LITTLER
CITY ASSESSOR



VINCENT A. CIANCI, JR.
MAYOR

Finance Department, City Assessor

'Building Pride In Providence'

May 12, 1994

William Collins
Director of Policy
City of Providence

Dear Mr. Collins:

I have been asked by you to appraise the city-owned property at the Port of Providence in preparation for the sale of this property under Section 416 of the Providence City Charter.

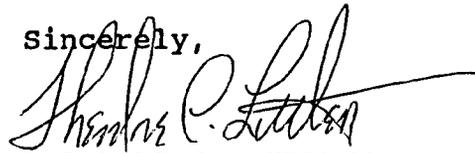
In arriving at an appraisal, I consulted an appraisal commissioned by the Providence Port Commission which was undertaken by Schaeffer Bates McDonough and is dated December 28, 1993.

This report concluded that the value of the Port of Providence, taking into consideration that much of the land is subject to leases, is \$13,870,000. The report reduced this appraisal to \$12,600,000 to reflect the projected cost of any environmental clean-up that might be required on the port property. However, you inform me that the City is prepared to indemnify the purchaser against any such environmental liability. Therefore, the appropriate value to the purchaser is \$13,870,000.

As a further determination of value, I reviewed the field cards for the Port of Providence that were produced for the last property revaluation of 1987. The many lots that comprise the port were assigned values ranging from \$2.82 to \$3.15 per square foot of land, depending on the size of the parcel, the proximity to the water, and after factoring. These values, applied to the 5.4 million square feet of land at the port, produce a total value of \$15,295,900 to \$17,085,900.

Section 416 of the Charter requires the City Council to accept no less than 90 percent of the appraised value of the property to be sold. Ninety percent of the values shown above yields a range of \$13,766,300 to \$15,377,300. The mid-point between these numbers is \$14,571,800. Therefore, I find that the City Council will satisfy the City Charter if it accepts no less than \$14,571,800 as the sale price for the Port of Providence.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Theodore C. Littler', with a long horizontal flourish extending to the right.

THEODORE C. LITTLER
City Assessor

SUMMARY OF FACTS AND CONCLUSIONS

DESCRIPTION: The subject property consists of approximately 125 acres of land with wharfs fronting on the Providence River. Most lots within the subject, which is known as The Port of Providence, are leased to businesses.

PURPOSE OF THE REPORT: (1) To estimate the Fair Market Rent for a master lease for the entire property. (2.) To estimate of the Market Value of the leased fee. (3) To estimate the market value in Fee Simple Interest.

ESTIMATED MARKET RENT: See Report

FINAL VALUE ESTIMATES:

<i>Leased Fee Market Value:</i>	<i>\$12,600,000</i>
<i>Annual Fair Market Rent:</i>	<i>\$1,040,000</i>
<i>Fair Market Rent If Prepaid:</i>	<i>\$14,315,000</i>

DATE OF VALUE ESTIMATE: December 28, 1993

PRESENTED TO: Mr. Thomas F. O'Connor, Jr.
Port Director
Port of Providence
Providence, RI 02903

COMPILED BY: Roy C. Schaeffer, MAI

**SCHAEFFER BATES McDONOUGH
INCORPORATED**

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PURPOSE OF THE APPRAISAL

There are dual purposes of this report: (1) To estimate the Fair Market Rent for a master lease for the entire property. (2.) To estimate of the Market Value of the leased fee. The effective date of these estimates is November 15, 1993. The subject property is a 124.52 acre assemblage of lots in an industrial and warehousing center comprising the Providence Municipal Wharf. There are obsolete buildings on the site(s) that have no identifiable use beyond those for which they are leased. In their present condition, some of the buildings are unusable.

Definition of Market Value. For the purpose of this report Market Value is defined as *"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, and knowledgeably and assuming the price is not affected by undue stimulus."*

Implicit in this definition is the consummation of a sale as of a specified date, and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed, or well advised, and acting in what they consider their best interest;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto and
5. The price represents the normal consideration for the property sold, unaffected by special or creative financing amounts or sales concessions granted by anyone associated with the sale.

Definition of Leased Fee Value. A leased fee is "a property consisting of the right to receive ground rentals over a period of time, plus the right of ultimate repossession at the termination of the lease". (Source: Real Estate Appraisal Terminology, 1984.) In other words, the Leased Fee Value is the value to a purchaser, taking into consideration the fact that the property is encumbered with long-term leases.

Definition of Fair Market Rent (Market Rent). The Dictionary of Real Estate Appraisal, published by the Appraisal Institute, simply defines Market Rent as "the rental income that a property most probably command in the open market".

Scope of the Appraisal. The scope of the appraisal included a thorough inspection of the subject property, collection and familiarization with market data and rent comparables, and preparation of the narrative report.

Competency Provision. I am sufficiently competent to appraise this type of property. I have appraised scores of commercial and industrial sites over an 18 year period, including commercial, deep water properties.

History of the Property:

The subject property has been under the ownership of the City of Providence for more than five years.

Legal Property Identification:

The subject property consists of 36 lots, all located in Plat 56 on the Providence assessor's maps. A complete listing of the lots is located in the Site Description section.

The owner of record is The City of Providence.

REGIONAL ANALYSIS

The New England region has seen the end of seven years of continuous and rapid growth in the economy. During the mid to late 1980's, the labor market was very tight, with high levels of employment. However, times have changed in New England over the past two years, with growth at a standstill; and consequently, several regional companies are downsizing. The region has lost more than 500,000 jobs since early 1989, wiping out nearly half the employment gains from the "Roaring 80's". There have been several other problems prohibiting growth in New England besides the national recession. Several of the significant industries in New England have met obstacles. The defense sector is being impacted by military cut backs, the banking sector is plagued with bad real estate loans, and the computer industry faces decreasing demands because of a sluggish world economy.

The appraiser has provided a table of economic factors which provides an overview of the New England Economy on the following page.

NEW ENGLAND ECONOMIC INDICATORS

Economic Indicators	1988	%	1989	%	1990	%	1991	%	1992	1993	1993
	Annual	Change	Annual	Change	Annual	Change	Annual	Change	Annual	Qtr. I	Qtr. II
RI Employment (000)	524.8	0.04%	525	-1.70%	516.1	-0.50%	513.3	2.82%	528	527	522.7
N.E. Employment (000)	6902	1.39%	6998	0.73%	7049	-0.58%	7008	0.77%	7062	7078	7024
R.I. Unemployment (%)	3.1	32.26%	4.1	65.85%	6.8	26.03%	8.57	3.85%	8.9	7.9	8.2
N.E. Unemployment (%)	3.1	25.81%	3.9	46.15%	5.7	37.19%	7.82	2.30%	8.00	7.46	6.7
R. I. Help Wanted	162	-25.31%	121	-39.67%	73	-31.51%	50	8.00%	54	62	58.33
N.E. Help Wanted	152	-27.63%	110	-31.82%	75	-25.33%	56	12.50%	63	69.33	70
R.I. Avg. Earnings/Hr.	8.64	5.21%	9.09	4.07%	9.46	2.54%	9.7	2.27%	9.92	10.02	9.98
N.E. Avg. Earnings/Hr.	10.2	4.51%	10.66	4.41%	11.13	2.88%	11.45	3.84%	11.89	12.12	12.09
RI Ind. Electricity Sales	117	0.00%	117	-0.85%	116	-2.59%	113	0.88%	114	115	114
NE Ind. Electricity Sales	2256	1.37%	2287	-1.27%	2258	-3.85%	2171	-0.05%	2170	2110	2108
RI Non-Res Contracts	344.7	18.42%	408.2	-64.70%	144.1	60.17%	230.8	9.32%	252.3	58.33	128
NE Non-Res Contracts (RI in Thou, NE in Mill)	209.3	4.20%	218.1	-15.68%	183.9	18.71%	218.3	-6.00%	205.2	151.1	217.66
RI New Bus. Incorp	286	-4.90%	272	-8.09%	250	-17.60%	206	3.40%	213	239	N/A
NE New Bus. Incorp	3353	-13.00%	2917	-10.35%	2615	-4.13%	2507	-4.71%	2389	2443	N/A
RI Business Bankruptcy	919	39.39%	1281	81.50%	2325	46.75%	3412	N/A	N/A	N/A	N/A
RI Housing Permits (000)	470	-26.17%	347	-25.07%	260	-18.46%	212	3.77%	220	219	230.66
NE Housing Permits(000)	6882	-34.32%	4520	-29.54%	3185	-30.36%	2218	39.09%	3085	3176	3075
R.I. House Sales (000)	13.7	-5.11%	13	-13.08%	11.3	-13.27%	9.8	2.04%	10	10.2	10.5
N.E. House Sales (000)	226.4	-8.26%	207.7	-10.16%	186.6	N/A	N/A	N/A	139.4	150.2	142.2
US Med. Sales Price (000)	129.7	0.23%	130	-26.77%	95.2	4.41%	99.4	4.23%	103.6	103.9	106.9
NE Med Sales Price (000)	159.2	-0.06%	159.1	-20.30%	126.8	-2.05%	124.2	-4.59%	118.5	112.5	119
RI Personal Inc. (\$000)	16.876	7.08%	18.07	4.37%	18.86	2.33%	19.299	6.47%	20.547	20.693	N/A
NE Personal Inc. (\$000)	263.17	7.11%	281.87	3.84%	292.7	0.65%	294.59	6.81%	314.648	315.88	N/A

Source: New England Economic Indicators, The Federal Reserve Bank of Boston & Market Source, The Appraisal Institute

RHODE ISLAND MARKET ANALYSIS

It is pertinent to review market forces, at first from a broad overview, narrowing to a specific neighborhood and site. In this section of an appraisal report, as in the regional section, it was necessary to identify the economic and physical forces that effect the Rhode Island real estate market. These forces set the perimeter in which the real estate market exists.

Physical Characteristics of Rhode Island: The most recent U.S. Census found the total area of the State of Rhode Island as 1,214 square miles, of which 1,049 square miles is land, and 165 square miles is inland and Atlantic coastal waters. The greatest length of the state, north-south, is 48 miles, and the greatest width is 37 miles. It can best be described as a coastal state since, despite its small size, it has 384 miles of ocean and bay frontage, including Narragansett Bay, which extends 26 miles inland from the ocean, and 38 islands.

Despite its small size, Rhode Island is the second most densely populated state, having approximately 957 persons per square mile. The population is concentrated in a single metropolitan area dominated by the City of Providence, located at the northerly end of Narragansett Bay. Thus, the state has the characteristics of a "city state". This population concentration results in vast areas of sparsely populated land in the westerly and northerly portions of the state.

The population of Rhode Island was 1,003,464 persons in 1990. This represents an increase of +5.9% over 1980. This increase in population is attributed to the residential real estate boom of the mid 1980's when out-of-state buyers, particularly those from Massachusetts, were attracted to the lower home prices in Rhode Island.

Transportation: Interstate Routes 95, 195, and 295 are the major highways in the state which link Rhode Island to the rest of the country. Interstate 95 travels north-south through the area. This is supplemented by Interstate 295, which also runs north-south, but veers around the westerly perimeter of the population concentration. Additionally, Interstate 195 travels easterly

from Providence towards Cape Cod in Massachusetts. Numerous east-west secondary roads provide access to the freeways. Rhode Island is in close proximity to several metropolitan areas in the east:

Travel Time To:

Boston	1 Hour
New York City	3 Hours
Hartford	2 Hours
Albany, NY	3.5 Hours
Philadelphia	5 Hours
Worcester, MA	1 Hour

Business Services and Facilities: Transportation via air is provided by T.F. Green Airport in Warwick, Rhode Island. The airport has six major airlines and two full-time air freight carriers. T.F. Green offers direct service to over twenty eastern cities with over 160 scheduled flights daily.

Rail service is provided daily by the Providence and Worcester Railroad. The P & W Railroad allows easy access to the rest of the country. The Conrail portion of the Northeast Corridor transportation system passes through the metropolitan area and is serviced by a terminal in Providence. The AMTRAK system serves Rhode Island on the Boston-Washington main line.

The Narragansett Bay Ports are utilized for the distribution of automobiles, petroleum products, scrap iron, lumber, chemicals, etc. The Port of Providence is located at the head of the Narragansett Bay and has 27 private and public docks for general shipping and cargo storage. One of the largest facilities is the Municipal Wharf owned by the City of Providence, which has 4,750 feet of berthing space, 305,000 square feet of transit and vast areas for open storage. (This is the subject property).

Considering the transportation facilities provided by the state, it is logical that there are 19 industrial parks and several business/office parks. The industrial parks are located in 16 communities dispersed throughout the state. There are also several business/office parks throughout the state.

Utilities: The telephone system in the state is provided by the Rhode Island telephone service which is part of the New England Telephone Company. There are also approximately eleven long-distance services in the state. Electric power is supplied in Rhode Island by the Narragansett Electric Company, Eastern Utilities, Blackstone Valley Electric Company and Newport Electric. The state's oil and gas supply is provided through the Port of Providence. Most of the natural gas consumed in the state is distributed by the Providence Gas Company and the Valley Gas Company. The state's water supply is primarily by reservoirs throughout the state, with the largest being the Scituate Reservoir, which supplies water to Providence and surrounding communities.

Economic Indicators: There are several economic indicators that should be considered when analyzing a real estate market. These indicators represent the many external forces that govern a real estate market and some of the primary indicators are as follows:

FEDERAL RESERVE DATA

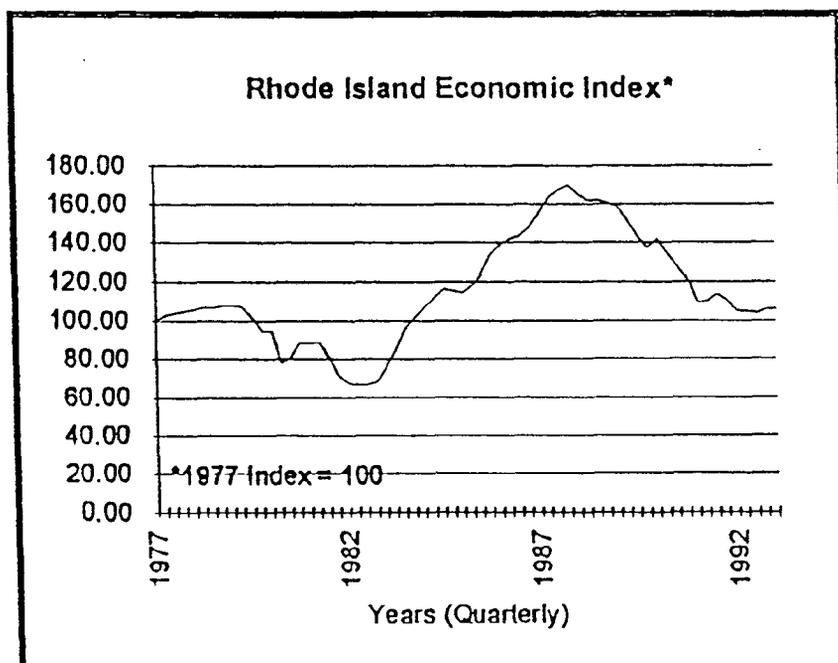
Economic Indicators	1988 Annual	1990 Annual	1991 Annual	1992 Annual	1993 Qtr I	1993 Qtr II
Employment Trends						
Employment (Thousands)	525	516.1	513.5	528	527	522.7
Unemployment (%)	4.1	6.8	8.57	8.9	7.9	8.2
Total Employment in R.I. Manufacturing	108.4	99.4	92.73	89.8	89.4	88.8
Total Employment in R.I. retail & wholesale	106.9	98.2	89.8	90.3	91.86	91.1
Total Employment in R.I. Service Industry	124.9	129.1	124.8	127.2	128.5	127.3
Index of Help Want ads	121	73	50	54	62	58.3
Business Trends						
Average Hourly Earnings (\$/hr.)	9.09	9.46	9.7	9.92	10.02	9.98
New Business Incorporation(semi-annual)	272	250	206	213	259	N/A
Business Bankrupcies (Yearly only)	1281	2325	3412	N/A	N/A	N/A
Industrial Electricity Sales (Mill. of KWH)	117	116	113	114	115	114
Value of NonRes. Building Constr. Contract	408.2	144.1	230.8	252.3	58.3	128
Residential Real Estate Trends						
Home Sales (Thousands of Units)	13	11.3	9.8	10	10.2	10.5
Housing Permits (Units)	347	260	212	220	219	230.7
Median Sale Price of Single Family Homes Providence	130	126.8	124.2	118.5	112.5	119
Consumer Trends						
State Tax Collection (In millions of \$)	294	314.4	314.4	N/A	N/A	N/A
Total Personal Income (In Billions)	18.07	18.86	19.29	20.547	20.63	N/A

Source: Federal Reserve's New England Economic Indicators

URI/Providence Journal Economic Index: The URI/Providence Journal Economic Index is made up of nine indicators, two national and seven local, that formulate future employment trends. This index allows an appraiser to watch *when* the economy will turn around rather than the strengths and weakness of a recovery. This can then be utilized in tracking the turn-around of the Real Estate market. "The index is designed to predict future activity in the state's economy." The index is developed by the Journal-Bulletin and the University of Rhode Island's Research Center in Business and Economics. The nine economic statistics in the index are:

- National Average of Weekly Claims for Unemployment*
- National Vendor Delivery Performance*
- Total Employment in R.I. Manufacturing*
- Index of Providence Help Want Ads*
- Passenger Traffic at T.F. Green Airport*
- Tokens used for Newport Bridge Crossings*
- Single-Family Housing Permits Issued in R.I.*
- Total Employment in R.I. Retail and Wholesale Trade*
- R.I. Industrial Kilowatt Hours*

Source: URI Research Center in Business and Economics



Economic Forecast:

The most recent Federal Reserve report on current economic conditions indicates moderate increases in economic activity in manufacturing, retail and real estate sectors at the end of 1992 in New England. For Rhode Island, it appears that the state is slowly climbing out of a severe, two year long recession and the economy is ready to turn around in 1993. Unfortunately, the recovery will not be as even and broad based as the last one. Some of Rhode Island's problems are not cyclical and will remain until they are addressed, including high energy costs, costly environmental regulations, and state budgetary problems, which make it difficult to attract and keep businesses in the state.

The retail market showed strength over the Christmas holidays indicating Rhode Islanders are more optimistic now about the economy. There is a pent up demand for retail goods and consumers are showing an increasing willingness to spend money.

The manufacturing sector will remain somewhat of a problem for Rhode Island for some time to come because the slowdown is structural, not cyclical. The state's manufacturing problems will not subside as the national economy gets better.

The service sector reported modest increases in sales toward the end of 1992, but overall business remained flat.

The overall outlook is subject to the national and world economies. As long as overall economic forces keep improving, the local economy will keep nudging forward.

Market Forces: In Rhode Island it is anticipated that through 1993 there will be little change in employment levels overall, with a net gain of approximately .5%. The gains will be in the non-manufacturing sectors, with health and business services sectors growing at a projected rate of approximately 2% through 1993.

Real Estate Market In Rhode Island

To put the market in perspective, the following commercial sales table has been provided to depict the rise and fall of the commercial/industrial real estate market through the 1980's and into the 1990's. It is interesting to note that 1991 was the bottom of the economic picture, followed by a clear upturn in 1992 insofar as sales volume is concerned, despite flat sales prices of real property in Rhode Island.

<u>GROSS SALES</u>				
<i>Year</i>	<i>Gross Sales Billions</i>	<i>Transactions</i>	<i>Average Transactions</i>	<i>Change</i>
1983	0.85	13,877	\$61,252	
1984	0.9	13,636	\$66,002	7.8%
1985	1.4	17,783	\$78,727	19.3%
1986	2.2	21,313	\$103,223	31.1%
1987	2	16,341	\$122,392	18.6%
1988	2.78	18,644	\$149,110	21.8%
1989	2.5	17,093	\$146,259	-1.9%
1990	1.5	15,186	\$98,775	-32.5%
1991	1.2	12,870	\$93,240	-5.6%
1992	1.36	14,658	\$92,782	-0.5%

1992 Sales Annualized

Providence - The City of Providence is the center of the metropolitan area, being the Capital of the State of Rhode Island and containing its Central Business District. It is dissected by both Interstate Highway 95 and the main Conrail line. It has a deep water port principally serving the petroleum, auto imports, lumber, chemicals and scrap metal industries. The city is approximately 15 minutes travel time to the Green State Airport, a major airport with traffic increases exceeding all other Northeast airports, and now offering international charter service to Europe.

The 1990 census indicated a population for Providence of 160,728, a 2.5% increase over the 1980 estimate of 159,840 persons. However, it at least demonstrates a stabilization of the population after a decline from the 1970 population of persons. That significant population drop was due to the exodus of middle-income families to the suburbs, typical of most older northern cities during the Post War period. The population loss has been partially offset by major commercial construction in the Central Business District. Furthermore, the city is working with such organizations as the Providence Foundation, to plan for the conversion of the upper floors of older commercial structures in the business district to rental housing. There are currently 1,200 units in the Downtown area, and this is expected to increase to 3,000 by the year 2000. In fact, a new, upscale apartment building is approaching 100% occupancy for its 260 units. This conversion of Downtown space has already been supplemented by the rehabilitation of older tenements in neighboring Fox Point, a continuation of a general recovery of the East Side area around Brown University.

Adjoining the Central Business District is College Hill, an area dominated by Brown University and Rhode Island School of Design. Further easterly is the most prestigious residential area of Providence, known as the East Side, an area dominated by restored historic homes and well-maintained, high-quality homes built between the World Wars.

Other neighborhoods offer modestly-priced housing for working class homeowners and tenants. These are mostly located in the northerly and westerly areas.

Office Market. A major change in the configuration of the city resulted from the relocation of the main, Conrail tracks in the early 1980s, an event that opened approximately 50 acres of land for development immediately adjoining the financial district of Providence. To date, two Class A office buildings have been completed, one of which is 100% rented to American Express, and the other, Citizens Plaza, is 60% rented. As a result of the relocation of railroad station, the old Union Station complex was remodeled into Class A office space, and is approximately 75% occupied at present, with the lease-up of the last space in the East office Building of the Union Station Complex to Pagenet. The three, larger buildings in the complex are now fully occupied, leaving only the absorption of two, smaller buildings. These events reduced the Class A vacancy rate to 11.2%, according to a current Hayes & Sherry/Ernst & Young survey. This portion of the survey included 23 buildings comprising a total of 2,963,000 square feet. By comparison, vacancy rates in Boston and Hartford exceed 20%.

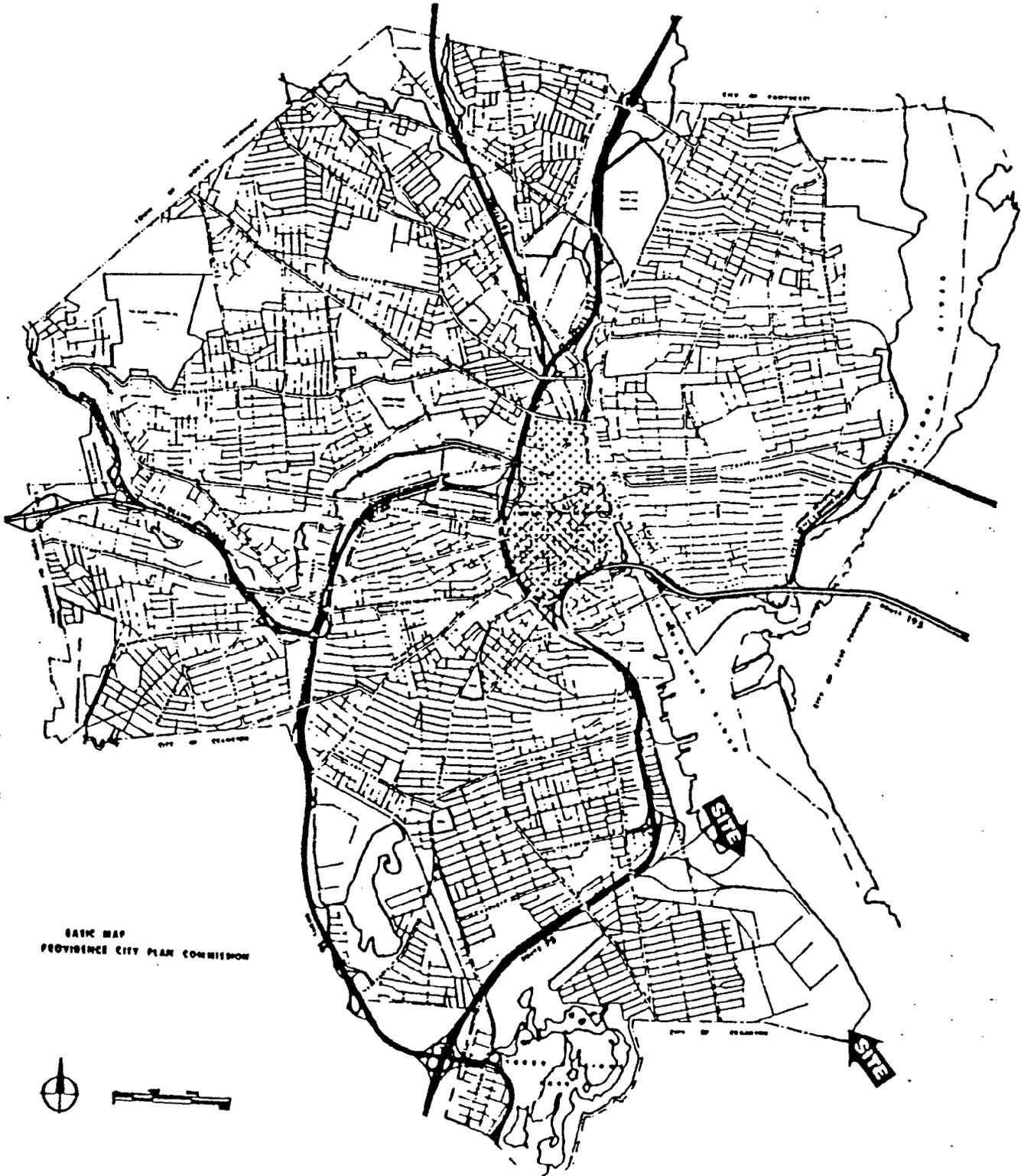
Commercial Market. Center Place, an upscale apartment complex located in the Capitol Center Project, is nearing 100% occupancy. Earlier, a new Amtrak station was opened in this area. Pyramid Development has recently re-committed to a 300 million dollar retail project in Downtown Providence, adjoining the Capitol Center Project, and complimenting a 120 million dollar project called The Foundry, which is located just to the west of Interstate 95. The city is currently constructing a major convention center and hotel complex adjacent to the aforementioned Capitol Center Project. And, finally, the finishing touches are being made to a 40 million dollar project to move two Downtown rivers, which further visually improves the city's natural attractiveness and open the city up to the once depressed waterfront area.

Class 'A' office space, typical of the new Fleet Center, Old Stone Square, Hospital Trust Tower, and the new Citizen's Plaza, have asking rents in a range of \$22.50 - \$28.50 per square

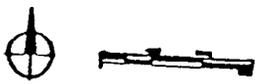
foot. However, given the current economy, significant concessions are undermining that average. A significant influence on these rents, one that can be expected to stabilize them, is the availability of approximately 30 acres of remaining land in the Capitol Center Project set aside for high-rise commercial buildings. (This is the land that was liberated by moving the main Conrail line northerly, away from the business district.) Since the land is available, new construction can be expected to suppress rent increases in existing, "prestige" space.

Rehabilitated Class 'A' office buildings, typically leases between \$15.00 and \$17.50 per square foot, but operators report reduction to 1985 levels or significant concessions. Class 'B' space that typically leased in the neighborhood of \$10.00 to \$12.00 per square foot can now be had for \$8.00 to \$10.00 per square foot.

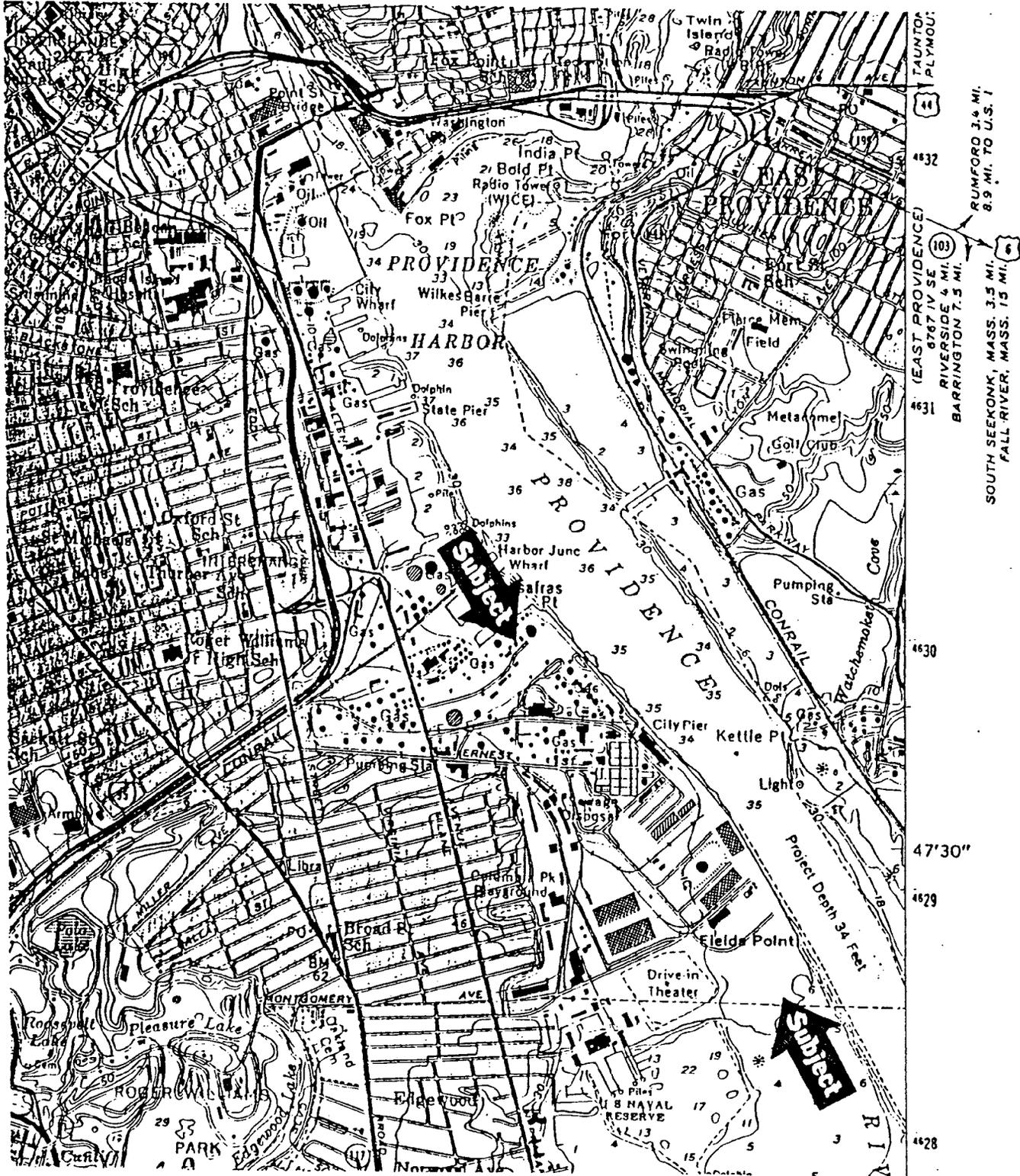
PROVIDENCE MAP



BASIC MAP
PROVIDENCE CITY PLAN COMMISSION



CENTRAL BUSINESS DISTRICT AND HARBOR DISTRICT



Neighborhood. The subject property is located in the midst of an extensive industrial-commercial area running from commercial marinas in Cranston, southerly, directly into the financial district of Providence. The principal products dealt with in this area are energy products, scrap metals, chemicals, lumber, petroleum-based products, and automobile imports. The remaining, major occupant of the area is the main sewage treatment plant for the City of Providence. A unique, adjoining operation is the Johnson and Wales University's Culinary Arts campus.

The subject property is the city-owned terminal complex known as Providence Municipal Wharf, in an area known as Fields Point. This area comprises the southerly part of Providence Harbor, a deep water, maritime port with channel depths ranging as deep as 40'. The sites within the terminal are comparable to the area as a whole, being devoted primarily to energy businesses, storage of lumber and scrap metal, and chemicals, with an emphasis on storage facilities for gas and petroleum products. Given this last fact, it is unlikely that the area will be used for anything other than industrial uses.

Rail service is provided to the waterfront by the Providence and Worcester Railroad. Via a freight terminal in Providence, the P & W Railroad allows easy access to the rest of the country via the Conrail portion of the-Northeast Corridor transportation system.

The Port of Providence is located at the head of the Narragansett Bay and has 27 private and public docks for general shipping and cargo storage. The subject property, the Municipal Wharf, is one of the largest facilities. It has approximately 4,750 feet of berthing space, 305,000 square feet of transit warehouse space and 20 acres of open storage.

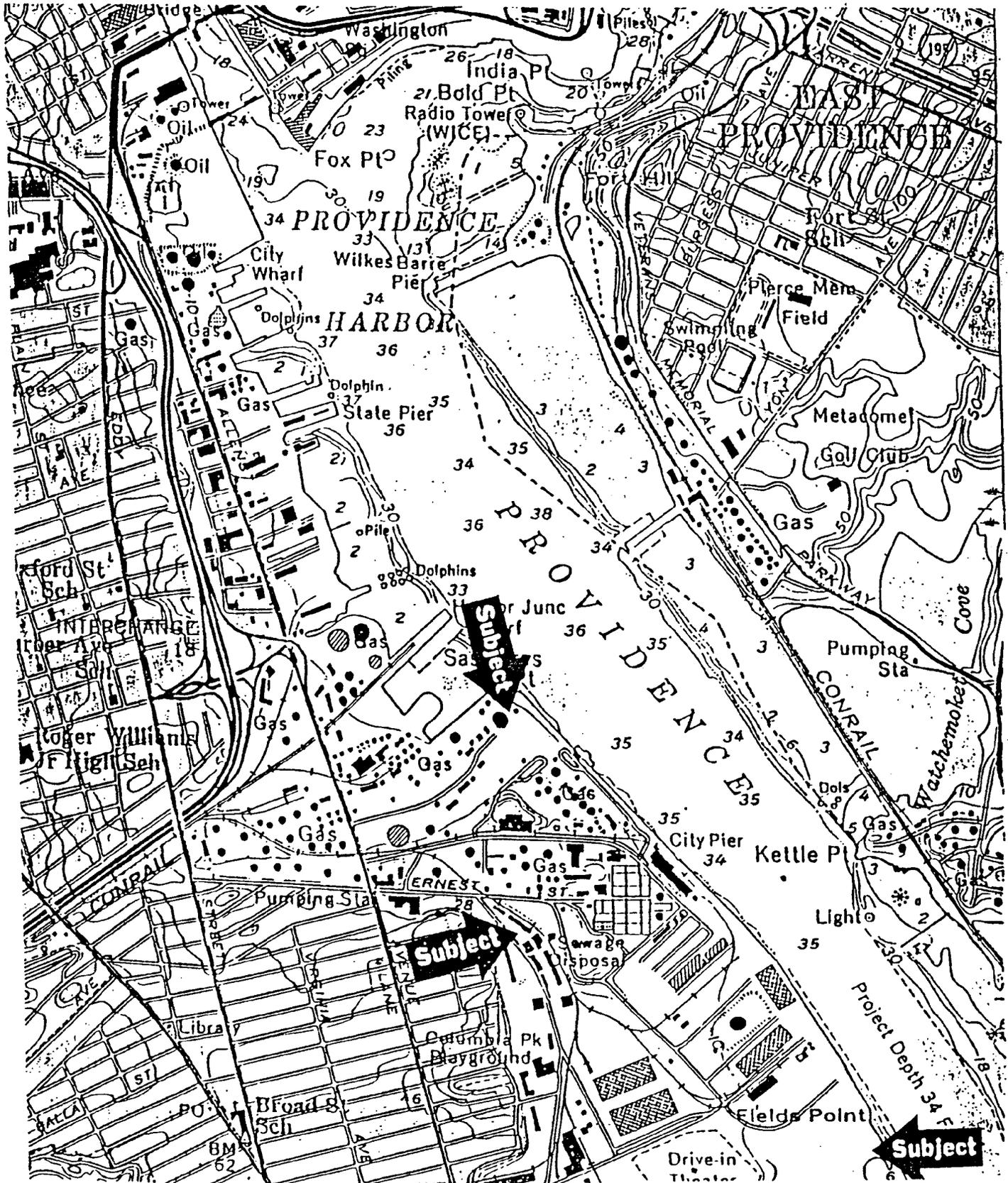
The overall area within which Fields Point is located is known as South Providence, an area of low cost housing, industrial and warehouse uses, and occasional commercial uses. The municipal wharf and its tenants are compatible with uses in the area.

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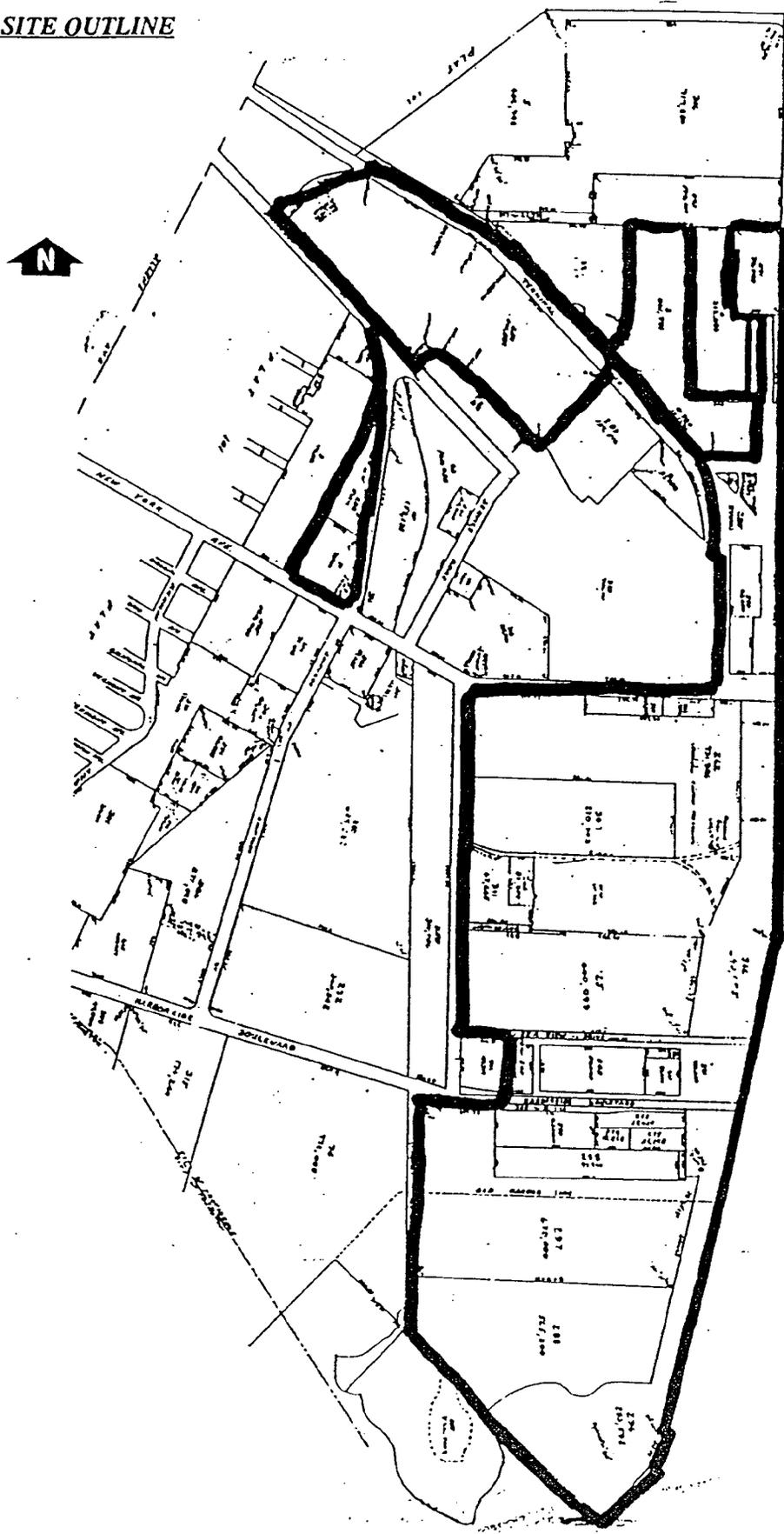
The complex lies at the bottom of a hill that fronts on Allens Avenue. The complex itself is flat, and on grade. The harbor itself has heavy duty container cranes, warehouse space for cargo, housing for the stevedores' association, etc. In other words, it is a full service marine terminal, comparable to others in secondary cities on the East Coast.

An appreciation of the terminal and surrounding areas can be gained from the following exhibits, including dock photographs, which follow. Lease information is included in the area photographs.

PROVIDENCE HARBOR



OVERALL SITE OUTLINE



DEEP WATER PORT MARKET

While the previous introduction to and analysis of the region, state and city are helpful in appreciating the characteristics of those entities, and are therefore relevant, the fact is that the subject property is a deep water port, with the characteristics of an industrial complex, that competes with only a handful of similar sites north of The New York City area. Virtually no land in the stretch from Portland, Maine to New York City is being added to the inventory of deep port industrial land. Therefore, the following specific qualities of such properties determine the type and scope of data that are relevant.

Limited Expansion. Generally, when one class of real estate absorbs the existing inventory, new inventory is created. An example is suburban industrial parks, which either expand or lead to the creation of new parks as available sites are absorbed. At present, there are 19 industrial parks and several business/office parks in Rhode Island. These are located in 16 communities dispersed throughout the state. *The overall effect of this is to keep supply and demand in balance and to consequently limit price increases.*

By contrast, the creation of new, deep water docking space and supporting storage space would require considerable condemnation and renewal efforts, dredging of channels, extension of rail lines, etc. In fact, there has been a net loss in "deep water" port land as some East Coast communities encouraged harbor view condominium development in the 1980s. *The overall effect is to render the supply static and therefore the demand becomes very sensitive to international, national and regional influences.* As will be seen in the valuation section, one, large parcel of waterfront land in the Providence Harbor is available for sale for \$7,500,000, as offered by VHS Realty, the operator of numerous convenience stores in the area. The asking price equates to \$9.72 per square foot, which includes four, obsolete buildings in poor condition. Also, this includes land under water. (Most sales in ports are similarly clouded with various improvements and other considerations). This price vastly exceeds the average in Rhode Island Industrial parks,

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which is about \$2.50 per square foot for fully serviced land. This disparity is also evident in data from New London, where the sales of two parcels of maritime land averaged \$11.00 per square foot as opposed to an average of \$3.00 per square foot for prime industrial land near I-95. And finally, in New Bedford, a community economically depressed for several decades, including the recent recession, a sale took place at \$4.50 per square foot, well above that for comparable industrial sites in the area. Another indicator is the acquisition of 10.33 acres of land by Johnson & Wales University in 1985, for a price of \$5.11 per square foot. This land is well away from the waterfront area, at the southwesterly portion of the subject area. Ironically, 1993 a 3.65 acre parcel in the subject property sold for about \$5.09 per square foot, virtually the same price as was obtained eight years earlier. However, since the later sale is much smaller, there is an implication that market values have decreased since 1985.

The above tends to support the premise that land suitable for international maritime uses is responsive to forces other than the usual influences within the local industrial market. In this age of a growing, global economy, it should not be difficult to comprehend the distinction.

In the final analysis, the best source of data for the valuation of the subject parcel is sales activity in other, Atlantic Ocean ports north of New York City, tempered by comparison with sales and offerings in the Providence waterfront. Nevertheless, since over 90% of the land is leased, the best foundation upon which to estimate the value of the subject site is leasing activity within the Port of Providence, mitigated by East Coast sales data.

PROPERTY DESCRIPTION

The subject land consists of approximately 124.52 acres of land located on the westerly side of Providence River and easterly of Allens Avenue in the City of Providence, Rhode Island. The legal definitions of the various lots that comprise the subject property are described below. (All lots are on Plat 56 of the Tax Assessor's records of the City of Providence, State of Rhode Island.) The lots, location keys and land areas are:

LOT	AREA	LOT	AREA	
2	281,793	288	565,200	
25	440,099	295	94,320	
69	159,138	298	283,592	
71	78,968	297	620,000	
254	649,887	303	3,600	
259	27,634	304	5,000	
262	731,988	305	18,938	
263	15,580	307	270,908	
264	20,000	310	24,247	
267	24,000	311	67,265	
268	90,000	312	243,005	
269	29,475	313	9,243	
270	63,600	314	10,408	
271	70,000	319	8,000	
277	24,148	321	4,050	
278	13,868	328	0	
279	63,000			
280	53,514	TOTAL	5,424,014	SF
281	105,827		124.52	ACRES
285	277,923			

The land is level and on grade with various access streets, for the most part. There is, however, a slope in the midst of the site, easterly of Shipyard Street. In addition to road transportation, there are rail spurs in various locations as indicated on the following maps.

AERIAL VIEWS - SUBJECT AREA

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SHIP OFFLOADING VIA CRANES - GATE #3

SIMILAR VIEW - GATE 3

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GATE #1 SUN OIL DOCK

GATE #2 DOCKAGE

SUBJECT PROPERTY - WESTERLY SIDE OF SHIPYARD ST.

VIEW DOWN SHIPYARD STREET FROM ERNEST STREET

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SOUTHERLY END OF COMPLEX (Additional photos in the Income Approach Section)

HIGHEST AND BEST USE

The prerequisite to a meaningful valuation is the sound estimate of the most profitable and likely use of a property. Highest and Best Use is defined as *"that reasonable and profitable use that will support the highest present value as defined, as of the effective date of the appraisal; that is, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible and which results in the highest land value"*.

Permitted Uses. The subject property consists of approximately 124.59 acres of land, irregular in shape. It is in a Zone designated as W-3 which is described as follows.

W-3 Waterfront: Port/Maritime Industrial District - This zone is intended to promote the Port of Providence and related maritime industrial and commercial uses within the areas of Providence's waterfront; to protect the waterfront as a resource for water dependent industrial uses; and to facilitate the renewed use of a vital waterfront.

Source: City of Providence Zoning Ordinance.

The principal uses in the ordinance that would apply to the site are "materials processing, transportation and storage", "parking as a principal use", virtually all transportation, communications and utilities, including "contract construction service", etc. Not permitted, but certainly present as legal, non-conforming uses due to "grandfather" rights, are the various petroleum and other energy sources storage.

The most likely use for the subject site would be the first, "materials processing, transportation and storage". The most recent activity in the area has been storage for materials that have been off-loaded from cargo ships. These, then would be the most likely uses, legal uses, and feasible uses.

Considering the likelihood that the storage of energy source products will continue to be the dominant uses, and the presence of the city's sewage treatment plant near these properties, it is certainly unlikely that residential or commercial uses would be appropriate.

VALUATION METHODOLOGY

There are three basic approaches to value that may be used by appraisers. These approaches provide data from three different sources when all are available. These three approaches are: the Sales Comparison Approach (Market Data Approach), the Income Approach, and the Cost Approach.

For the valuation of a leased fee, which is the value of a property that is encumbered by long term leases, the most relevant approach is the Income Approach, since the property is obviously an income producing property. This is the case with the subject property, which is substantially leased and is likely to remain so for many years to come.

The Sales Comparison Approach is of interest to the extent that activity in the particular market is best understood by surveying sales of unencumbered, similar properties. For this report, sales will be presented and analyzed in order to arrive at an estimate of the potential income from sales of lots within the subject property, were the subject lots unencumbered. *However, the results of this analysis should not be considered to be Market Value.* To achieve an estimate of Market Value, the sales of lots would have to be apportioned over time, and discounted for the delays in sales over time, as well as discounted for the costs of marketing operating and maintaining the property as it is sold off. In other words, the Market Value would be substantially less than the potential income from sales of lots.

In the final analysis, the fact that the subject property is encumbered by existing, long-term leases precludes a reasonable application of the Sales Comparison Approach.

The Cost Approach is generally not applicable to the valuation of vacant parcels of land.

The first step in arriving at an estimate of the potential income from sales is to survey the market for comparable sales. As has been stated throughout this report, the subject site is in a regional market, one influenced by the global economy. Therefore, the area searched stretched

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from Bridgeport, Connecticut to Portland Maine. The data are on the following pages. The data are arranged geographically.

Sale #1 - New Bedford, Massachusetts

Address:	E/S/H Melville Boulevard New Bedford, MA
Tax Assessor's Desc.:	Plan 126, Page 67, Parcel 2
Grantor:	Frionor USA Inc.
Grantee:	New Bedford Land Co.
Existing Building:	Steel & concrete bulkhead
Zone:	Waterfront Industrial
Land Area:	134,271 sf., 3.08 acres
Date of Sale:	November 9, 1990
Sale Price:	\$605,000
Price P/SF:	\$ 4.50
Source:	Harbor Development Commission

Comments: This is a sale of an unimproved parcel of land located adjacent to the Frionor facility on the Acushnet River. The sale price included the land and a steel/concrete bulkhead. The parties allocated \$200,000 of the price to the bulkhead for tax purposes.

Sale #2 - New London, Connecticut

Address:	Water Street & Thames River New London, CT
Deed Book/page:	775/25
Grantor:	Central Vermont Railroad
Grantee:	Cross Sound Ferry
Type of Building:	None
Zone:	Commercial
Land Area:	50,600 sf.
Date of Sale:	February 9, 1990
Sale Price:	\$556,500
Price P/SF:	\$11.00
Source:	Assessor

Comments: This is located east of Water Street and was formerly leased by the purchaser as a parking lot for the neighboring ferry service. The site has approximately 120' frontage along the river. The abutting (northerly) parcel is used as dockage for ships running between New London and Long Island.

Sale #3 - New London, CT

Address:	Pequot Avenue and Thames River New London, CT
Deed Book/page:	632/251
Grantor:	Pequot Fisheries Realty Corp.
Grantee:	Ronald Sachatello, et al
Type of Building:	1,600 sf. block structure. Stone retaining wall. Docks and pilings.
Zone:	Commercial
Land Area:	54,250 square feet
Date of Sale:	December, 1986
Sale Price:	\$600,000
Price P/SF:	\$11.06
Source:	Assessor

Comments: This site has 262' fronting on the water. Deep water depth, suitable for large ships. Previously used for ferry service (1985). It is in a neighborhood of older, frame tenements and commercial building. It is a corner lot.

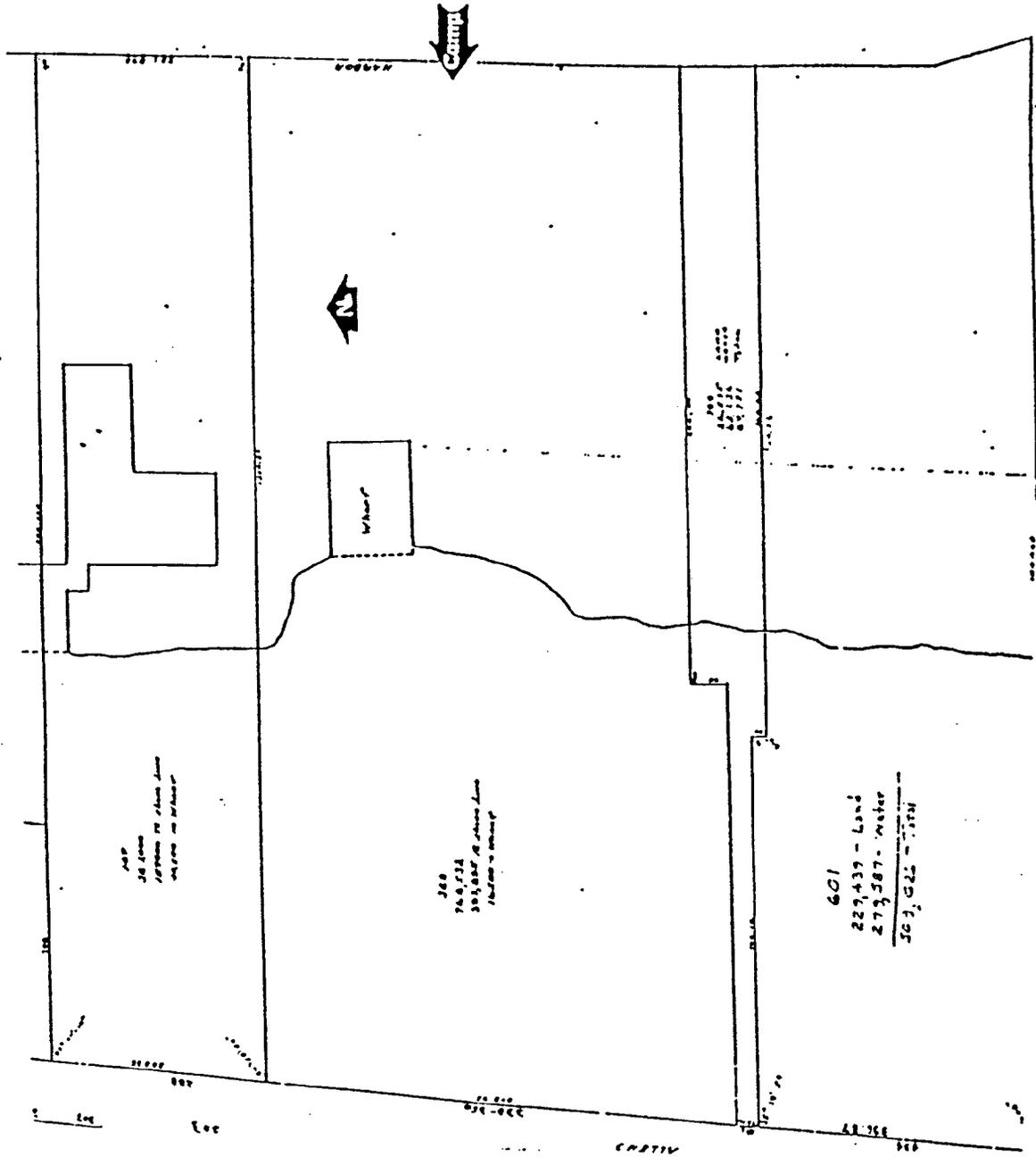
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Sale #4 (offering) Providence, RI

Address:	350 Allens Avenue Providence, RI
Tax Assessor's Desc.:	Plat 47 lot 368
Grantor:	Offered by VHS Realty (Cumberland Farms)
Grantee:	None. Offering
Type of Building:	Four, obsolete, metal, shed-type buildings in poor repair.
Zone:	W-3
Total Land Area:	768,532 square feet
Dry Land Area:	393,895 square feet
Wharf Area:	16,500 square feet
Water Area:	358,137 square feet
Date of Sale:	Offered. Researched 3/10/93
Asking Price:	\$7,500,000
Price P/SF:	\$ 9.76 total area \$18.28 dry area with wharf.
Source:	Assessor

Comments: Where the purpose of a site is to dock large, ocean-going vessels, the area under water is effectively "usable" and therefore included in the price per square foot calculation. The indication should be reduced for several reasons: there are buildings on the site, however primitive; it is an asking price, not a sale price; the site has dockage while fronting directly on Allens Avenue. On the other hand, a positive adjustment is indicated for the land size, which is excessive in comparison to the subject property. (The zone is the same as that of the subject property).

PLAT MAP EXCERPT - SALE NO. 4 - PROVIDENCE, RI



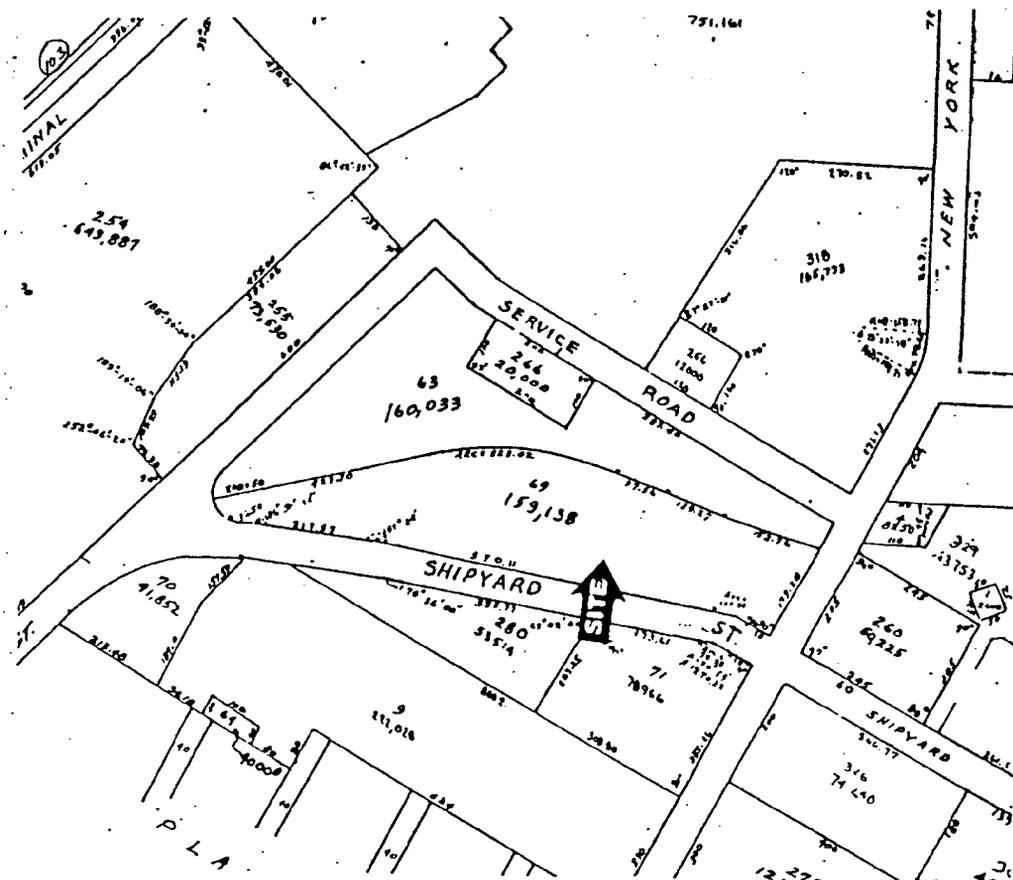
Sale #5 - Land sale - Terminal area, Providence, RI

Address:	Shipyards Street, Providence, RI
Tax Assessor's Desc.:	Plat 56 lot 69
Grantor:	City of Providence
Grantee:	The Hudson Companies
Type of Building:	Dilapidated, concrete block and frame structures. No contributory value.
Zone:	W-3
Land Area:	159,138 square feet
Date of Sale:	Pending
Sale Price:	\$810,000
P/sf land value:	\$ 5.10 total area
Source:	Port Manager

Comments: This site is located furthest from the wharf among the subject parcels. It was used for wholesaling building materials and supplies before franchise operations provided fatal competition. It was purchased by an abutter. Therefore, a negative adjustment, however subjective, is in order. I assumed a 10% adjustment to about \$4.50 per square foot.

PHOTO - SALE NO. 5

PLAT MAP EXCERPT - SALE NO. 5 - PROVIDENCE, RI



Sale #6 - Terminal area improved site, Providence, RI

Address: 175 Terminal Road
Providence, RI
Tax Assessor's Desc.: Plat 56 lot 276
Grantor: McLaughlin & Moran
Grantee: Derri Lynn Everton
Type of Building: One story, steel, distribution warehouse in average condition.
Floor area 54,516 sf. Existing building "built around" smaller, CB buildings. Site improvements consist of asphalt paving.
Zone: W-3
Land Area: 183,659 square feet
Date of Sale: March 14, 1990
Sale Price: \$2,052,000
P/sf bldg area: \$37.64
Attributed to Land: \$1,165,000
P/sf land value: \$ 6.34 total area
Source: Assessor

Comments: This site is located further from the wharf than is the subject site. It was used for the distribution of wine and beer. The replacement cost and other calculations were obtained from the Marshall & Swift Valuation Service, and were used to construct a land residual analysis, which follows. While well maintained, the building is not of recent construction and therefore is assumed to have depreciated 50%. Site improvements, primarily asphalt, are assumed to have a replacement cost of \$1.00 p/sf. for land not occupied by the building, and also depreciated at 50% of that cost. After extracting the depreciated value of the improvements, the residual was \$1,164,373, which equates to \$6.34 per square foot. When compared to more direct market data, this analysis has yielded an indication that is consistent with them.

The analysis and other relevant exhibits are on the following pages.

COST APPROACH, LAND RESIDUAL ANALYSIS

COST APPROACH CALCULATOR METHOD		
Type:	WAREHOUSE	Class S, Metal
Occupancy	Section 14 Distribution Warehouse	
Building Class		"G"
Quality		Average
Exterior Walls		Steel
Number Of Stories		One
Average Height Per Story		28
Gross Square Feet Of Building Area		54,516
Basement Area:		0
Perimeter		1,064
Effective Age		20
Total Economic Life		40
Condition		Good
Region		Eastern
Climate		Moderate
Base Cost Per Square Foot		\$21.58
Square Foot Refinements		
Heating, Cooling, Ventilation (inc. in base cost)		\$0.00
Sprinklers		\$1.22
Other:		\$0.00
Base Cost Plus		\$22.80
Height And Size Refinements		
Number Of Stories Multiplier		1.00
Height Per Story Multiplier		1.29
Floor Area Perimeter Multiplier		0.90
Combined Height and Size Multiplier		1.16
Final Calculations		
Refined Square Foot Cost		\$26.47
Current Cost Multiplier	-1.035 (to 3/90)	25.58
Local Cost Multiplier	1.18	\$30.18
Adjusted Square Foot Cost		\$30.18
Gross Building Area		54,516
Reproduction Cost New		\$1,645,253
Less Depreciation:		\$822,627
Physical	50.00%	\$822,627
functional	0.00%	\$0
External	0.00%	\$0
Depreciated Value Of Improvements:		\$822,627
Site Improvements \$130,000 RCM	50.00%	\$65,000
Indicated contribution of improvements		\$887,627
SALE PRICE:		\$2,052,000
Indicated Land Value:		\$1,164,373
Land Area:		183,659 sf.
INDICATED LAND VALUE:		\$6.34

PLAT MAP EXCERPT - SALE 6

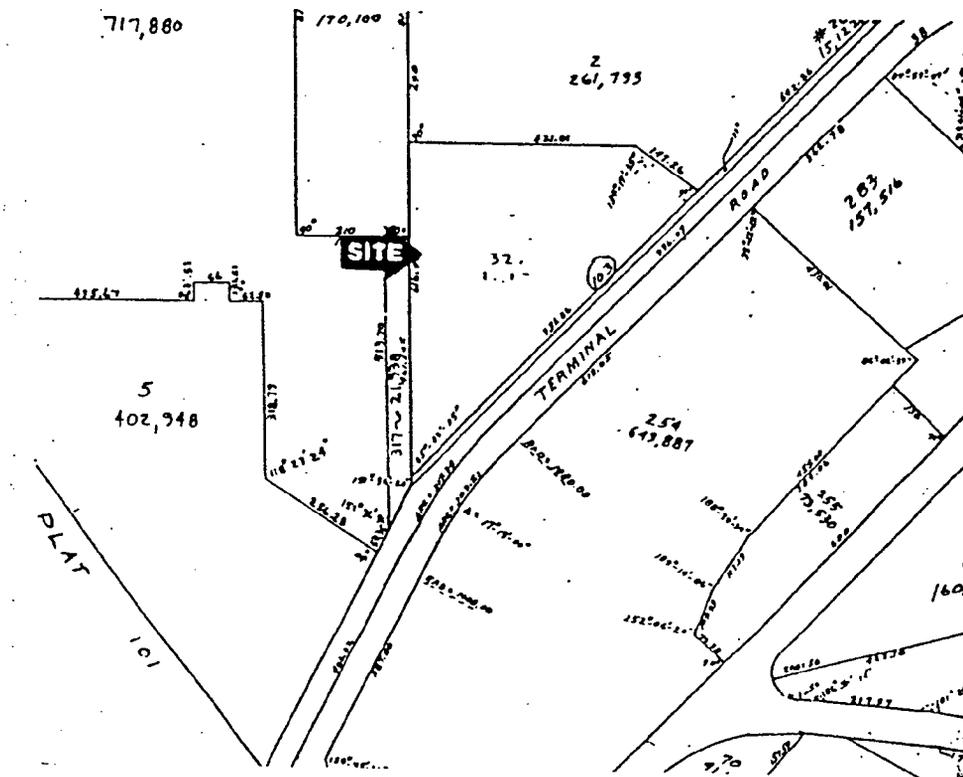


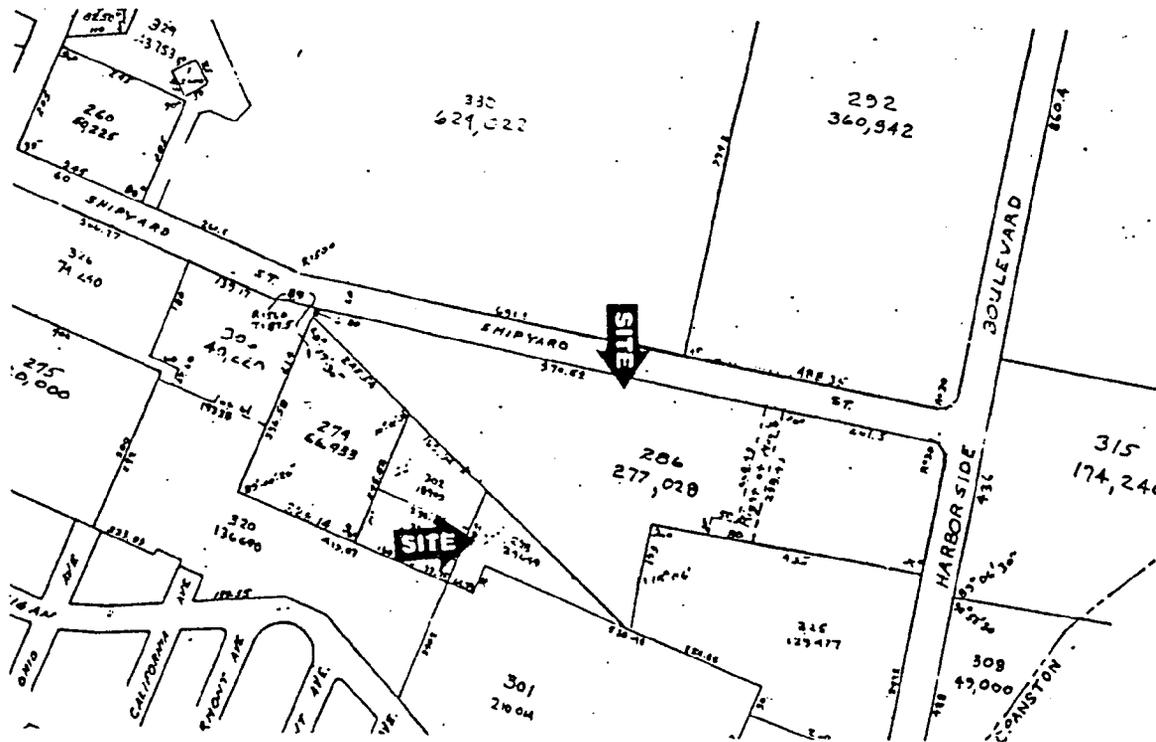
PHOTO - SALE 6

Sale #7 - Land adjoining terminal, Providence, RI

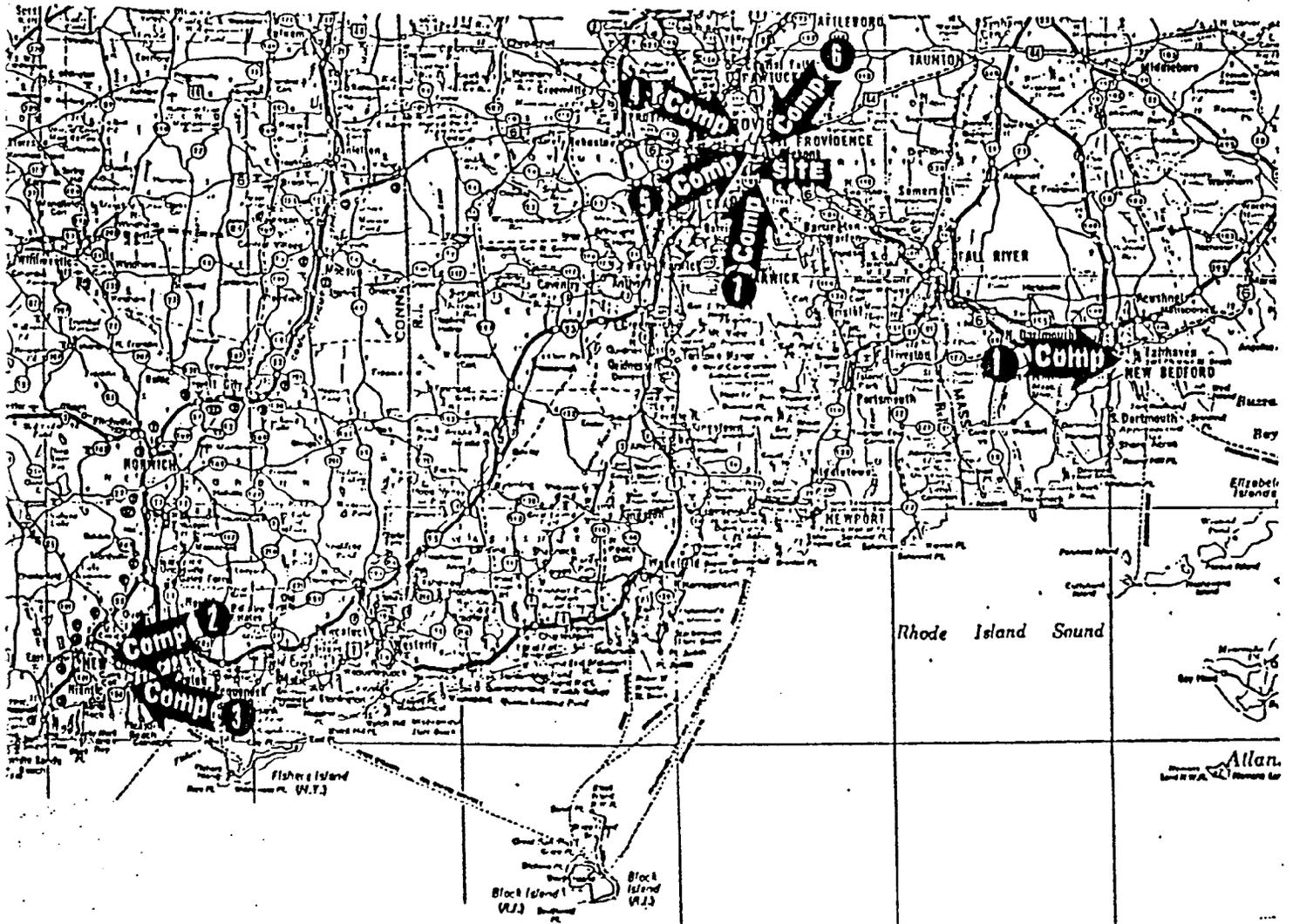
Address:	Harborside Boulevard, Providence, RI
Tax Assessor's Desc.:	Plat 56 lots 286, 298 and a portion of 302.
Grantor:	City of Providence
Grantee:	Johnson & Wales College
Type of Building:	No immediately functional structures.
Zone:	W-3
Land Area:	450,000 square feet
Date of Sale:	December, 1985
Sale Price:	\$2,300,000
P/sf land value:	\$ 5.11 total area
Source:	Assessor

Comments: This site is located well away from the wharf. It was subsequently improved as the Johnson & Wales Culinary Center.

PLAT MAP EXCERPT



SALES LOCATIONS - SOUTHERN NEW ENGLAND



Analysis. The following grids of adjustments are confined to the market data in southern New England, i.e. Providence, New London and New Bedford. (Fall River yielded no data). The comments are essentially divided into two segments - harborfront lots and other lots. *The comments pertaining to harborfront lots are in italics.* The adjustments were supported as follows:-

Time. Given the "flat" nature of the economy over the past two years, no adjustment for time during that period. The 1985 and 1986 sales seem to exceed current values when other adjustments are taken into consideration, though the differential is not obvious. I therefore made a subjective, 10% adjustment to those Sale Nos. 3 and 7 for the changes in the economy.

Proximity to I-95. All sales except the New Bedford site were in close proximity to I-95. The adjustment to the New Bedford sale (Sale No. 1) was greater than one would prefer, but the difference in unit price clearly indicates the need for it.

Size. The subject land, consisting of about 125 acres, a size that would have limited appeal to a single buyer. It therefore is hypothetically subdivided into 13 sites in order to Achieve a manageable application of the sales data. Size adjustments are then made according to the average size of the hypothetical lots.

The subject non-harbor land consists of 100 acres +/- . Again, there is scant chance of marketing the entire 100 acres in sale. Therefore, an arbitrary subdivision is made, consisting of ten sites with an average 10 acres +/- . Sales of smaller sites received negative size adjustments since larger parcels tend to sell for less per square foot. Only one sale, Sale 4, received a minor positive adjustment in the application to interior lots, and Sale 4 also received such an adjustment for the harborfront parcels, since they are even smaller.

Proximity to Docks. A pattern seems clear when comparing the New London data to the Providence data. Those sales that have harbor frontage command higher prices than those that have access via easements or internal roadways within a harbor complex. Sales Nos. 1 through 4

are affected, since they are close to the bulkheads. *Adjustments once again vary among the two analysis since one is confined to the harborfront lots in the subject property. The latter received negative adjustments to Sales 5, 6 and 7.*

Other. The only sales to receive an "other" adjustment were sale No. 1, which is in a more depressed economy, and Sale No. 4 for the fact that it is an asking price rather than a sales price.

For the inland sites, the indicated value was \$5.00 per square foot and \$6.50 for the sites directly on the harborfront. The combined analysis produce an aggregate value of the 124.52 acres \$28,700,000, rounded. Note that this is not the Market Value of the subject property as though unencumbered by leases. At least four steps would have to be taken to achieve that estimate - (1) estimate the number of years to sell off individual parcels after they had been cleared of tenants and tenant improvements, (2) deductions from that figure for the costs of marketing and maintaining the property during disposition (3) the cost of preparing the southerly portion of the site for development, including potential clean-up of hazardous materials and (4) discounting the resulting net income from sales for the passage of time. These steps would significantly reduce the indication. (An estimate of site preparation costs for Lot 288, which consists of dredged material, is deducted from the indicated, Leased Fee Value in the Income Approach).

The grids used to estimate the gross potential value per square foot are on the following, two pages.

GRID OF ADJUSTMENTS - HARBORFRONT LOTS.

PROPERTY	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6	SALE 7
LOCATION:	Providence	New Bedford	New London	New London	Providence	Providence	Providence	Providence
PRICE PER SF.		\$4.50	\$11.00	\$11.06	\$9.76	\$5.10	\$6.34	\$5.11
SALE DATE	Jan-93	Feb-90	Feb-90	Dec-86	Offering	Current	Mar-90	Dec-85
TIME ADJUSTMENT		0%	0%	-10%	-25%	0%	0%	-10%
ADJUSTED PRICE		\$4.50	\$11.00	\$9.95	\$9.80	\$5.10	\$6.34	\$4.60
<hr/>								
<i>Proximity to I-95</i>	Good	Poor	Good	Good	Good	Good	Good	Good
Adjustment		30%	0%	0%	0%	0%	0%	0%
Adjustment in Dollars		\$1.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Configuration</i>	Good	Good	Good	Good	Good	Average	Good	Good
Adjustment		0%	0%	0%	0%	10%	0%	0%
Adjustment in Dollars		\$0.00	\$0.00	\$0.00	\$0.00	\$0.51	\$0.00	\$0.00
<i>SIZE - SF.</i>	355,335	134,271	50,600	54,200	768,532	159,138	183,659	450,000
Adjustment	(average)	-15%	-30%	-30%	10%	-15%	-15%	5%
Adjustment in Dollars		(\$0.68)	(\$3.30)	(\$2.99)	\$0.98	(\$0.77)	(\$0.95)	\$0.23
<i>PROXIMITY TO DOCK</i>	Good	Good	Good	Good	Good	Average	Average	Poor
Adjustment		0%	0%	0%	0%	25%	25%	30%
Adjustment in Dollars		\$0.00	\$0.00	\$0.00	\$0.00	\$1.28	\$1.59	\$1.38
<i>OTHER</i>		Economy	None	None	Asking	None	None	None
Adjustment		20%	0%	0%	-25%	0%	0%	0%
Adjustment in Dollars		\$0.90	\$0.00	\$0.00	(\$2.45)	\$0.00	\$0.00	\$0.00
<i>NET ADJUSTMENT</i>		\$1.58	(\$3.30)	(\$2.99)	(\$1.47)	\$1.02	\$0.63	\$1.61
<i>ADJUSTED DATA</i>		\$6.08	\$7.70	\$6.97	\$8.33	\$6.12	\$6.97	\$6.21
<i>INDICATED VALUE:</i>					Offering			
APPLIED:	355,335	sf. times	\$6.50	Equals		\$2,309,680		
Rounded to:	3	units times	\$2,309,680	Potential sales:		\$6,929,039		

GRID OF ADJUSTMENTS - INTERIOR LOTS

PROPERTY	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6	SALE 7
LOCATION:	Providence	New Bedford	New London	New London	Providence	Providence	Providence	Providence
PRICE PER SF.		\$4.50	\$11.00	\$11.06	\$9.78	\$5.10	\$6.34	\$5.11
SALE DATE	Jan-93	Feb-90	Feb-90	Dec-88	Offering	Current	Mar-90	Dec-85
TIME ADJUSTMENT		0%	0%	-10%	-25%	0%	0%	-10%
ADJUSTED PRICE		\$4.50	\$11.00	\$9.95	\$9.90	\$5.10	\$6.34	\$4.60
<hr/>								
<i>Proximity to I-95</i>	Good	Poor	Good	Good	Good	Good	Good	Good
Adjustment		30%	0%	0%	0%	0%	0%	0%
Adjustment in Dollars		\$1.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Configuration</i>	Good	Good	Good	Good	Good	Average	Good	Good
Adjustment		0%	0%	0%	0%	10%	0%	0%
Adjustment in Dollars		\$0.00	\$0.00	\$0.00	\$0.00	\$0.51	\$0.00	\$0.00
<i>SIZE - SF.</i>	435,600	134,271	50,600	54,200	768,532	159,138	183,859	450,000
Adjustment	(average)	-20%	-30%	-30%	10%	-20%	-20%	0%
Adjustment in Dollars		(\$0.90)	(\$3.30)	(\$2.99)	\$0.98	(\$1.02)	(\$1.27)	\$0.00
<i>PROXIMITY TO DOCK</i>	Average	Good	Good	Good	Good	Average	Average	Average
Adjustment		-20%	-20%	-20%	-20%	0%	0%	0%
Adjustment in Dollars		(\$0.90)	(\$2.20)	(\$1.99)	(\$1.96)	\$0.00	\$0.00	\$0.00
<i>OTHER</i>		Economy	None	None	Asking	None	None	None
Adjustment		20%	0%	0%	-25%	0%	0%	0%
Adjustment in Dollars		\$0.90	\$0.00	\$0.00	(\$2.45)	\$0.00	\$0.00	\$0.00
NET ADJUSTMENT		\$0.45	(\$5.50)	(\$4.98)	(\$3.43)	(\$0.51)	(\$1.27)	\$0.00
ADJUSTED DATA		\$4.95	\$5.50	\$4.98	\$6.37	\$4.59	\$5.07	\$4.60
<hr/>								
INDICATED VALUE:								
APPLIED:	435,600	sq. ft. times	\$5.00	Equals		\$2,178,000		
Rounded to:	10	units times	\$2,178,000	Potential sales:		\$21,780,000		

INCOME ANALYSIS (Leased Fee Analysis)

It is not unusual for waterfront land to be leased rather than purchased, especially when a government agency is the ownership entity. In this case, most of the land is leased, and as will be seen, there are varying degrees of leasehold interests. (A Leasehold Interest exists when the tenant is paying less than current Market Rent. In theory, a tenant with a below market rent schedule could sublet his space at Market Rent and realize a profit. The value of this profit to the tenant is his Leasehold Interest). Since there are leasehold interests present, and the subject property has been an income producing property for decades, the Income Approach is clearly the preferable means of estimating the market value.

Income Estimate. In 1992, the Port returned to pre-recession income levels. However, the composition of income shifted towards land lease income and away from the movement of cargo. Page 58 has two charts, one showing the overall revenue changes over the past ten years, the other shows the shift from cargo income towards lease income. (This is somewhat deceptive in that, when overall income increases and cargo income remains steady, the graph actually shows the cargo income as declining. This is due to the fact that it becomes a smaller portion of the overall income as the gross income is increasing. In other words, it is the ratio of gross income that declines while the actual income remains fairly constant). In any event, the manager's projection of a return to high income levels in 1992-1993, similar to those in 1985-1987, was confirmed by the actual data for 1992-1993.

Pages 55 and 56 present a summary of existing income from leases, wharfage and dockage, and estimates of same for vacant land. And following that is the Fair Market Rent Analysis.

For vacant land, I have extracted an average lease per tenant of \$0.38 p/sf. from existing data and applied it to the vacant land. I did the same, extracted data, that is, for the wharfage and dockage. These exercises simply entailed dividing the leased and productive areas by the overall

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revenue in each category, which was then applied to the vacant land. *The result is an estimate of Potential Gross Income of \$2,794,000, rounded.*

Vacancy was based upon the existing rate - 14%. When that is applied, an Effective Gross Income of \$2,444,000, rounded, close to the Manager's confirmed projection for 1992-1993, \$2,375,000, is achieved. *I have chosen to use the Manager's data since it is substantially confirmed.*

Expenses are the actual expenses as tracked over the past three years. They represent a declining ratio of income as income rose over that period. Currently, it is 41.6% of income, a ratio that is found in many, varying types of income properties.

The resulting estimate of net operating income is \$1,387,326.

Capitalization of Annual Income. Capitalization rates for land are generally lower than those for improved properties for the simple reason that land generally does not depreciate. However, where the land is encumbered with leases and considerable tenant fixtures and equipment, a standard capitalization rate is used. Page 57 presents a report of capitalization rates in early 1993, the most recent "going in" rates available. Needless to say, there are none directly applicable to this type of property. However, excluding the rate for Regional Retail Centers, the rates cluster around 10%, and that is what I have used in the analysis. The resulting projection of the Market Value of the Leased Fee is: \$13,870,000. *(The Leased Fee Value is the value to a purchaser, after taking into consideration the fact that the property is encumbered with long-term leases.)*

As stated earlier, the costs of completion for the expansion of the land area due to the accumulation of dredged material must be addressed. This applies primarily to lot 288, with an area of 565,200 square feet. In order to do this without a thorough engineering study, I have consulted the Marshall Valuation Service, the primary source of construction costs for the appraisal industry. There is no direct estimate of this kind of preparation. However, under the

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category "landscaping", are costs that include "soil preparation, some post-installation maintenance commensurate with the quality, excluding extremes" (Section 66, p. 7.). This is estimated to be \$1.30 for low quality, industrial sites, i.e. sites that are not in high quality, R & D campuses. This equates to \$735,760, rounded to \$750,000.

As for the cost to clean up potential hazardous wastes, without a soil study it is impossible to accurately estimate this cost. As an alternative, I have considered recent clean-ups, such as that which was recently completed in the Quonset-Davisville area, and conclude that a "budget" of \$500,000 would neither be too high nor too low. *Combined, the cost of preparation and budgeting for clean up is estimated to be \$1,250,000.* Deducting this from the Leased Fee Market Value estimate yields the following adjusted Leased Fee Market Value indication:

Income Analysis Indication:	\$13,870,000
Preparation Costs:	\$1,250,000
Leased Fee Market Value:	\$12,620,000
Rounded to:	\$12,600,000

Fair Market Rent. The final step is to estimate the fair market rent for a master lease.

In other words, at what master lease ground rent could the lessee sublet land and realize a profit?

Therefore, the first question is - what is a reasonable profit?

Generally speaking, developers of generic commercial profits speak of 15% as a comfortable return on investment. In this situation, where the economic health of the port is as much influenced by international economic events as local ones, the risk is greater for a long term investment. Therefore, I have used a profit figure of 25%. When this is applied to the net income, and deducted, it leaves an indicated rent to the city of \$1,040,000. However, in 1991 and 1992, the recessions years, the lessee would have had a loss rather than a profit at a rent of \$1,040,000. *In other words, variations in the profitability of the port as a whole present considerable risk.* I have therefore eschewed any potential for increased profitability due to more aggressive marketing, NAFTA, or any other external influence. In other words, the assumed triple net, "turn-key" rent is based upon the pre-recession and post-recession years, and fixed for

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the full, 30 years hypothetical term of the lease. Based upon the historical record, this lease would be favorable to the city, since it is based upon the two, peak years of the port's operation. In summary, the fixed, triple-net rent for the 30 years would be \$1,040,000 per year.

As an alternative, the lessee may want to pre-pay the 30 years rent, an approach that requires discounting the \$1,040,000 annual payments to their present value. This is a simple, "present worth" discounting technique, where in the deferred collection of the rent for each year is discounted to the present to account for that delay in realizing the income. *In other words, a dollar collected two years from now is worth less today than a dollar collected today.* The critical question is "what is the appropriate discount rate?". For that analysis, long term, real estate instruments are helpful. For example, according to the Wall Street Journal, 30 year FNMA and GNMA mortgage-backed securities were showing a cash flow yield clustering around 6.5% in late December, 1993. These tend to have a higher yield than other indicators because of the activity in the residential market. Another long term, yield comparison is the "10+" years Treasury Bonds as quoted by Merrill Lynch on 12/18/93, which was at 6.01%. These latter are more applicable, in my opinion, since the subject property is a mature use and one that has no competition within the immediate market. It therefore entails less risk. I therefore conclude that a discount rate of 6% is appropriate at this time. (Short term T Bills, which are less risky, were earning only 3.01% at that time, according to the Federal Reserve.).

The following chart shows that the fixed, annual, triple-net rent of \$1,040,000, when discounted over a 30 year period (after which control of the land reverts to the city) has a Present Value of \$14,315,000. *In other words, in exchange for paying the 30 years rent "up front", the rent is discounted at 6% per annum to \$14,315,000. From the city's standpoint, it will receive the \$14,315,000 immediately, be relieved of the obligation to manage and market the port, and retain the right of disposition and reversion of the land.*

The chart is on the following page, which is page 54A.

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ANNUAL RENT DISCOUNTED TO THE PRESENT VALUE

DISCOUNTED INCOME STREAM							
Years	Rent	PW. Rate	Discounted	Years	Rent	PW. Rate	Discounted
1	\$1,040,000	94.34%	\$981,132	16	\$1,040,000	39.36%	\$409,392
2	\$1,040,000	89.00%	\$925,596	17	\$1,040,000	37.14%	\$386,219
3	\$1,040,000	83.96%	\$873,204	18	\$1,040,000	35.03%	\$364,358
4	\$1,040,000	79.21%	\$823,777	19	\$1,040,000	33.05%	\$343,734
5	\$1,040,000	74.73%	\$777,148	20	\$1,040,000	31.18%	\$324,277
6	\$1,040,000	70.50%	\$733,159	21	\$1,040,000	29.42%	\$305,922
7	\$1,040,000	66.51%	\$691,659	22	\$1,040,000	27.75%	\$288,605
8	\$1,040,000	62.74%	\$652,509	23	\$1,040,000	26.18%	\$272,269
9	\$1,040,000	59.19%	\$615,574	24	\$1,040,000	24.70%	\$256,858
10	\$1,040,000	55.84%	\$580,731	25	\$1,040,000	23.30%	\$242,319
11	\$1,040,000	52.68%	\$547,859	26	\$1,040,000	21.98%	\$228,602
12	\$1,040,000	49.70%	\$516,848	27	\$1,040,000	20.74%	\$215,663
13	\$1,040,000	46.88%	\$487,593	28	\$1,040,000	19.56%	\$203,455
14	\$1,040,000	44.23%	\$459,993	29	\$1,040,000	18.46%	\$191,939
15	\$1,040,000	41.73%	\$433,956	30	\$1,040,000	17.41%	\$181,075
		Subtotal	\$10,100,739			Subtotal	\$4,214,685
						Add 1-15	\$10,100,739
	Discount Rate =	6%				TOTAL	\$14,315,424

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EXISTING ALLOCATIONS OF RENT TO LAND

Current Tenancy	93/94						
J.J. Orr	454,000 sf.				Building I	53,000 sf.	
	Lease	\$74,400	\$0.16			Dockage	\$3,440
	Dockage	\$27,300				Wharfage	\$6,400
	Wharfage	\$23,780				Total	\$9,840
	Total	\$125,480					
	Other	\$50,100	Bldg space		Lehigh	70,000 sf.	
	Total	\$175,580				Lease	\$24,500 \$0.35
						Dockage	\$12,000
Ace Warehouse	86,000 sf.*					Wharfage	\$81,000
(Orr)	Lease	\$67,500	\$1.02			Total	\$117,500
	Dockage	\$21,000					
	Wharfage	\$14,600			George Mann	294,818 sf.	
	Total	\$103,100				Lease	\$50,127 \$0.17
						Dockage	\$34,000
	Other	\$33,000	Rent-recycle			Wharfage	\$12,000
						Total	\$96,127 water
Patriot Metals	1,075,741 sf.					Other	\$0
	Lease	\$390,874	\$0.36			Total	\$96,127
	Dockage	\$75,000					
	Wharfage	\$120,000			Ind. Cement	0 Easement	
	Other	\$5,000	water			Total	\$4,000
	Total	\$590,874					
					Cooper T. Smith	44,000 sf.	
Petrolene	440,099 sf.					Lease	\$0
	Lease	\$213,500	\$0.49			Dockage	\$150,000
	Dockage	\$30,000				Wharfage	\$30,000
	Wharfage	\$60,000				Other	\$5,000
	Other	\$900	water			Total	\$185,000
	Total	\$304,400					
					Vacant	628,429 sf. in port	
Terminal	90,000 sf.				(projection)	Lease	\$237,529 \$0.38
	Storage	\$25,000	\$0.28			Dockage	\$0.15 \$91,511
	Rent	\$2,500				Wharfage	\$0.15 \$96,407
	Total	\$27,500				Total	\$425,448
Sun Oil	288,915 sf.				Stringpiece	243,005 sf.	
	Lease	\$115,000	\$0.40			Lease	\$0
	Dockage	\$78,000				Dockage	\$45,000
	Wharfage	\$106,800				Wharfage	\$25,950
	Other	\$16,800				Other	\$5,555
	Total	\$316,400				Total	\$76,505
PTA	643,887 sf.				Vacant:	132,480 sf.	
	Lease	\$110,000	\$0.17		(Brewster Land)	Market :	
	Dockage	\$53,000				Lease	\$0.38 \$50,074
	Wharfage	\$76,500				Dockage	\$0.15 \$19,292
	Other	\$0				Wharfage	\$0.15 \$20,324
	Total	\$239,500				Total	\$89,689

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INCOME ANALYSIS AND FAIR MARKET RENT PROJECTION

GROSS INCOME	\$2,794,463	(Potential)	Area accounted for:	4,391,894	sf	Lease data
After Vacancy	\$2,444,660	14%		100.82	acres	+ old leased
PROJECTION	\$2,375,461	Manager	Area unaccounted:	1,032,120	sf.	Unleased
			Total	5,424,014	124.52	acres
			New Harbor Portion	1,027,792	sf.	
			Net unaccounted	4,328	sf.	
			Vacancy	628,429	14%	Port only
Income and Expenses Track						
		Income:	1991	\$1,435,662		
		Expenses:	Operating	\$608,638		
			Salaries	\$176,386		
			Utilities	\$47,525		
			Total	\$832,549		
DOCKAGE &			Ratios	57.99%		
WHARFAGE DATA			Net Income	\$603,113		
\$528,740	Dockage:					
\$0.15	p/sf.					
		Income:	1992	\$1,764,295		
		Expenses:	Operating	\$699,501		
\$557,030	Wharfage:		Salaries	\$190,434		
\$0.15	p/sf.		Utilities	\$48,951		
\$1,085,770	Total		Total	\$938,886		
3,630,985	sf.		Ratios	53.22%		
\$0.30	p/sf.		Net Income	\$825,409		
		Income:	Projection 1993	\$2,375,461		
		Expenses:	Operating	\$736,451		
			Salaries	\$195,284		
			Utilities	\$56,400		
			Total	\$988,135		
			Ratios	41.60%	58.40%	
			Net Income	\$1,387,326		
Trial Cap of NOI:						
Rate	10%	\$13,873,260	Value			
	P/acre	\$111,415	\$2.56	p/sf	Taxes:	3.00% eff. rate
						\$416,198 Annual Tax
		\$1,387,326	Net Income		Fail Safe:	\$554,930 (Taxes/75%)
Lease w/ profit:	25%	\$346,832	Profit			(Minimum NOI required)
		\$1,040,495	Rent to City			
Recomendation:	Lease @	\$416,198	base per year			
	Overage	75%	of excess NOI over	\$554,930		

INDUSTRY DATA

NATIONAL MORTGAGE COMMITMENT SURVEY

Conventional Loans	Lender Sample	Number of Commitments	Interest Rates			Amortization Period	Percent Constant	Loan-to-Value Ratio	Debt Coverage Ratio
			3-5 Years	7-10 Years	More Than 10 Years				
Less than \$5m:									
Retail	6	6	9.19	9.33	9.75	15-30	10.82%	64.3%	1.34

Source: Appraisal Institute Research Department. Figures are derived from a survey of lenders in various geographic regions conducted during the first business week of February 1993. Data quoted are averages and do not reflect conditions in all markets. Readers are encouraged to contact local lenders for rates and terms applicable in local markets. For further information, contact the Research Department, (312) 335-4466.

REAL ESTATE INVESTMENT CRITERIA: First Quarter 1993*

	INDUSTRIAL		RETAIL			OFFICE		APARTMENT
	Warehouse	R&D	Regional Centers	Power Centers	Neighborhood/Community	CBD	Suburban	
Pre-tax yield (IRR) (%)								
Range**	11.0-12.5	11.0-15.0	10.5-12.0	11.0-12.5	11.0-13.0	11.5-14.0	11.5-15.0	11.0-12.5
Average	11.8	13.2	11.4	11.9	12.2	12.6	13.0	11.9
Going-in cap rate (%)								
Range**	8.5-11.0	9.5-12.0	7.0-9.0	9.0-10.5	9.0-11.0	8.0-11.0	9.0-12.0	8.0-10.0
Average	9.7	10.6	7.8	9.8	10.0	9.8	10.4	9.1
Terminal cap rate (%)								
Range**	9.0-11.0	9.5-12.0	7.5-9.5	9.0-11.0	9.0-11.0	9.0-12.0	9.0-12.0	8.5-10.5
Average	10.0	10.9	8.0	10.2	10.3	10.1	10.5	9.5

* This survey was conducted in January 1993 and reflects expected returns for First Quarter 1993 investments.

** Ranges and other data reflect the central tendencies of respondents; high and low responses have generally been eliminated.

Source: Real Estate Research Corporation

Definitions:

Yield (IRR)

Internal rate of return (IRR) is the rate of interest that discounts the pre-income tax cash flows received by the equity investor(s) back to a present value that is exactly equal to the amount of the original equity investment. It is in effect a time-weighted average return on equity and, as used here, is synonymous with the term "yield."

Going-in Cap Rate

First-year NOI divided by present value (or purchase price).

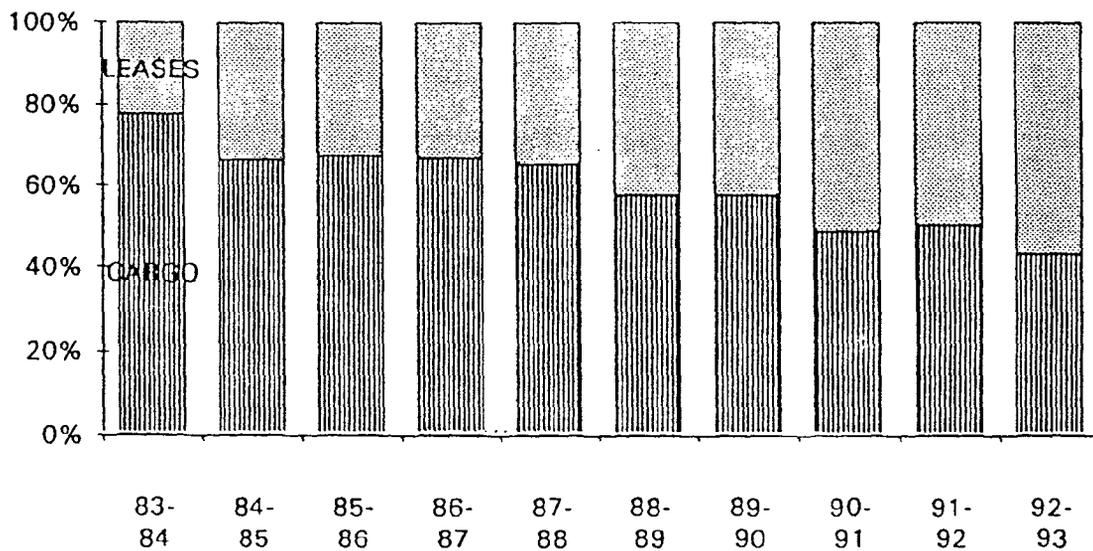
Terminal Rate

Usually a capitalization ("cap") rate used to estimate resale or reversion value at the end of the holding period.

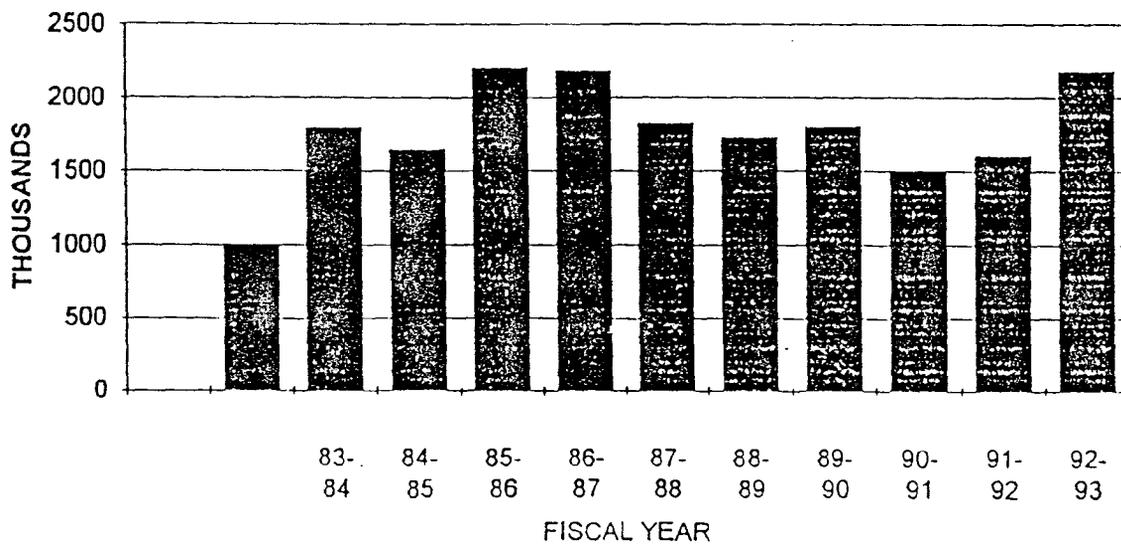
For further information, contact:

Real Estate Research Corporation
2 N. LaSalle St., Suite 400
Chicago, IL 60602
(312) 346-5885

PERCENTAGE OF INCOME FROM CARGO AND LEASES



TOTAL REVENUE



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LEHIGH SITE - \$0.70 P/SF. (effective)

GEORGE MANN - \$0.17 P/SF.

PATRIOTS METALS - \$0.36 P/SF.

PETROLANE - \$0.49 P/SF.

SUN OIL - \$0.40 P/SF.

PTA - \$0.17 P/SF.

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J.J. ORR - \$0.16 P/SF.; ACE WAREHOUSE - \$1.02 P/SF.

CERTIFICATION

I certify that, to the best of my knowledge and belief, ...

- the statements of fact contained in this report are true and correct.
- the reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. The appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant professional assistance to the person signing this report.
- my analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Practice. The departure Provision of USPAP has not been invoked in the development or reporting of this appraisal.
- data on current revenues, expenses, and vacancies for the subject property have been analyzed and reported.
- any personal property, fixtures or intangible items that are not real property but are included in the appraisal have been identified and separately analyzed, and in impact of their inclusion or exclusion on the estimate of market value has been discussed in this report.

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- If any information required or deemed pertinent to the completion of an appraisal was unavailable, that fact and the effort to obtain the information have been disclosed and explained in this report.

- I am currently a Rhode Certified General Appraiser - Certificate number A00129G.

- I am currently certified under the Appraisal Institute's program of voluntary certification.

In my opinion the appropriate estimates are:

<i>Leased Fee Market Value:</i>	<i>\$12,600,000</i>
<i>Annual Fair Market Rent:</i>	<i>\$1,040,000</i>
<i>Fair Market Rent If Prepaid:</i>	<i>\$14,315,000</i>

DATE: January 4, 1994

FOR SCHAEFFER, BATES, McDONOUGH
Incorporated

Roy C. Schaeffer, MAI

CONTINGENT AND LIMITING CONDITIONS

This appraisal report, the letter of transmittal and the certification of value are made expressly subject to the following assumptions and limiting conditions as well as those expressly stated in the report.

1. No responsibility is assumed for matters legal in nature. Nor is any opinion rendered as to title, which is assumed to be marketable. The property is assumed to be under responsible management for the purposes of this appraisal.

2. Sketches in this report are included to assist the reader and no responsibility is assumed for accuracy. No survey has been made specifically for this report.

3. Unless arrangements have been previously made, appearances in court or requirements to give testimony are not included in the fee.

4. The distribution of value in this appraisal between land and improvements applies only to the stated program of utilization and are invalid if used with any other appraisal.

5. It is assumed that there are no hidden or unapparent conditions of the property, including subsoil, which would render it more or less valuable. No responsibility is assumed for such conditions or for research which might be required to discover such factors.

6. Information, estimates and opinions furnished to this office and relied upon for this appraisal assignment were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy can be assumed.

7. Neither all nor any part of the contents of this report, or copy thereof, shall be used for any purpose by any other than the client without the written consent of the appraiser and/or the client. Nor shall it be conveyed by any other than the client to the public through advertising, public relations, news, sales or other media without the written consent and approval by the author(s), particularly as to valuation conclusions, the identity of the appraisers or a firm.

**QUALIFICATIONS OF ROY C. SCHAEFFER, MAI
REAL ESTATE APPRAISER AND CONSULTANT**

Certification:

Rhode Island Certified General Appraiser No. A00129G.

Professional Affiliations:

Appraisal Institute - MAI
American Arbitration Association
National Association of Realtors

Professional Achievements:

President, Chapter 93, SREA 1982-1984
Former Instructor - University of Rhode Island

Expert Witness Qualifications:

State of Rhode Island, Superior Court
State of Rhode Island, Family Court
State of Rhode Island, P.U.C.

Completed the following courses and examinations:

SREA: Course 101, Introduction to Appraising
SREA: Examination R-2, Residential Case Studies
AIREA: Capitalization Theories and Techniques
AIREA: Urban Properties and Case Studies
AIREA: Industrial Valuation

SREA Seminars:

Narrative Report Writing
Tax Considerations in Real Estate
Mathematics, Statistics and Finance
Errors and Omissions
Cash Equivalency and Creative Financing

AIREA Seminars:

Standards of Professional Practice
Hotel and Motel Valuation
Conservation Easements
Valuation of Historic Properties
Components of Industrial Construction

AMERICAN ARBITRATION ASSOCIATION:

Resolution of Real Estate Conflicts

SIGNIFICANT CLIENTS:

United States Government:

General Services Administration
Bureau of the Interior
Department of Commerce
Small Business Administration

State of Rhode Island

Department of Community Affairs
Department of Environmental Management
Department of Transportation
Rhode Island Properties Commission

Appraisals in the following states:

Rhode Island	Massachusetts	Maine
Connecticut	New Hampshire	Missouri
Michigan	Pennsylvania	Arkansas
New Jersey	Virginia	Florida

Miscellaneous:

National Partnership Investments Corp.
Gaudreau & Co.
Boston Equities
Reynolds Metals Development Corp.
Mobil Oil Corporation
Providence and Worcester Railroad
Walter E. Heller
Sheraton Corp.
Volkswagon of America
Rhode Island Solid Waste Management Corp.
Fleet National Bank
Hospital Trust National Bank
Old Stone Bank
Citizens Bank
Old Colony Cooperative Bank
Peoples Savings Bank
Miscellaneous developers, attorneys, and private citizens

Publications:

Appraisal Journal
Real Estate Appraiser and Analyst
New England Real Estate Journal
New England Real Estate Directory

Note: I am certified under the Appraisal Institute's voluntary program of certification.

ADDENDA - ADDITIONAL PORT LAND SALES IN NEW ENGLAND

SUMMARY OF BOSTON HARBOR DATA

The Port of Boston is in competition with ports in New York City, Philadelphia, Baltimore, etc. Providence does not have the facilities to compete with these markets. Therefore, the sales data from Boston is of marginal interest. Nevertheless, for purposes of edification, the following summaries are Presented. *Note, that despite the differences in markets, these sales all have prices on a per square foot basis that exceed generic industrial sites in new England, a fact that supports the conclusions in this report regarding the special economic features of deep water ports.*

A. 291 Medford Street, Charlestown, MA. 3.55 acres of land located on deep water frontage. (2 acres upland). 300' old, wooden pier with fire damage. Limited width for dockage. Pier length approximately 550'. Old, low quality, corrugated storage buildings in poor condition.

Grantor:	Somerville Lumber Co.
Grantee:	Massport
Date of Sale:	11/90
Sale Price:	\$1,395,000
P/sf. Land:	\$9.02

PHOTOGRAPH OF SALE.

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B. 425 Medford Street, Charlestown, MA. 20.4 acres of land located on deep water frontage capable of berthing 600' vessels; 16 acres upland. Steel shipping dock with 30 ton capacity. This property was operated by a sugar refinery, therefore most of the buildings are obsolete. After sale, the 43,000 square foot office building was rehabilitated, a 50,000 sf. building demolished, and the remaining buildings are vacant. *Note: Subsequent land lease for 11 acres at \$1.15 per square foot.*

Grantor:	Amstair Inc.
Grantee:	Charlestown Marine Park
Date of Sale:	10/88
Sale Price:	\$8,200,000
P/sf. Land:	\$9.23

PHOTOGRAPH OF SALE

SCHAEFFER BATES McDONOUGH
INCORPORATED

C. 441 Medford Street, Charlestown, MA. 13.3 acres of land located on deep water frontage of 233'. Improved with an obsolete, 10 story, masonry warehouse originally operated by a sugar refinery. The site has a 458', concrete pier in good condition. Most of the land is "upland" area. Improvements of limited value.

Grantor: Revere Sugar Corporation
Grantee: Massachusetts Port Authority
Date of Sale: 12/86
Sale Price: \$5,740,000
P/sf. Land: \$9.91

PHOTOGRAPH OF SALE:

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City of Providence



Rhode Island

Department of City Clerk

MEMORANDUM

DATE: July 1, 1994

TO: Mayor Vincent A. Cianci, Jr.

SUBJECT: FINAL PAPERS - CITY COUNCIL MEETING JUNE 30, 1994

FROM: Jean M. Angelone, Deputy City Clerk

DISPOSITION: Accompanying is Docket with Ordinances and Resolutions passed by the City Council, circled in red, from its meeting held June 30, 1994, duly signed by the City Clerk and submitted for your consideration.

PLEASE RETURN PRIOR TO JULY 10, 1994

RECEIVED OF JEAN M. ANGELONE
DEPUTY CITY CLERK


City Clerk