

**City of Providence**  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

**CHAPTER 2014-25**

**No. 315 AN ORDINANCE ESTABLISHING A TAX EXEMPTION AND  
STABILIZATION PLAN FOR PROSPECT CHARTERCARE, LLC AND ITS  
AFFILIATES IN THE CITY OF PROVIDENCE**

Approved July 2, 2014

*Be it ordained by the City of Providence:*

WHEREAS, CharterCARE Health Partners ("CharterCARE") operates a healthcare system in the City of Providence and the Town of North Providence which includes Roger Williams Medical Center and St. Joseph's Health System of Rhode Island;

WHEREAS, Roger Williams Medical Center is a 220-bed, acute care community hospital located in the City of Providence that provides secondary and tertiary care, is engaged in medical research and is a community-based teaching hospital affiliated with an academic medical center;

WHEREAS, St. Joseph's Health System of Rhode Island ("St. Joseph") operates the St. Joseph Center for Health and Human Services located in the City of Providence;

WHEREAS, St. Joseph operates an integrated delivery system consistent with the healing mission of the Catholic Church including Our Lady of Fatima Hospital, which is a 278-bed, acute care community hospital located in North Providence, Rhode Island, an assisted living facility through its St. Joseph's Living Center Division, and specialty care services through St. Joseph's Hospital Specialty Care;

WHEREAS, St. Joseph also operates a school of nursing education through St. Joseph's School of Nursing Division;

WHEREAS, the CharterCARE healthcare system has considerable economic impact on the City of Providence and the State of Rhode Island. For example, in 2011, CharterCARE employed 3,000 employees with salaries and benefits in the approximate amount of \$178M and undertook purchases from vendors in the State of Rhode Island in the approximate amount of \$71M;

WHEREAS, Roger Williams Medical Center, alone, currently employs approximately 1,200 employees, pays salaries and benefits in the approximate amount of \$80M, and purchases goods and services in Rhode Island in the approximate amount of \$28M;

WHEREAS, approximately 550 of CharterCARE's employees reside in the City of Providence;

WHEREAS, utilizing the multipliers employed by Hospital Association of Rhode Island, CharterCARE, has an economic impact of over \$524M in the State of Rhode Island;

WHEREAS, beginning in 2012, in an effort to bring the CharterCARE system to profitability, and to continue its mission out into the foreseeable future, CharterCARE sought an affiliation with a broader healthcare network;

WHEREAS, after a year of marketing and interviewing potential partners, CharterCARE has entered into an agreement to form a partnership with Prospect Medical Holdings, Inc. ("Prospect") that will advance such goals;

COMMITTEE ON FINANCE & REVENUE  
RECEIVED TO SPECIAL  
FIRST READING  
IN CITY COUNCIL

WHEREAS, Prospect owns and operates 9 hospitals and a network of specialty and primary care clinics in high-density areas in California and Texas;

WHEREAS, Prospect has formed a new entity to acquire the CharterCARE healthcare system;

WHEREAS, Prospect is advancing a purchase price of \$45M for the healthcare system;

WHEREAS, the new healthcare system shall be called Prospect CharterCARE, LLC ("New Hospitals" or "Prospect CharterCARE");

WHEREAS, the existing CharterCARE ownership shall continue to hold a 15% ownership interest in New Hospitals;

WHEREAS, the governing structure of New Hospitals will be such that Prospect's ownership interest will appoint 50% of the membership of New Hospitals' Board and CharterCARE's ownership interest will appoint 50% of the membership of the New Hospitals' Board;

WHEREAS, New Hospitals will be a for-profit entity and thus, a portion of the real property and personal property owned by the system in the City of Providence may become taxable;

WHEREAS, the challenges facing acute-care community hospitals in today's environment require the City of Providence and Prospect CharterCARE to partner in advancing the mission and continuing the positive economic impact of the CharterCARE healthcare system;

WHEREAS, since Prospect CharterCARE will be a for-profit entity, the City of Providence may no longer receive appropriations in lieu of property tax payments from the State of Rhode Island pursuant to R.I. Gen. Laws § 45-13-5.1 (the "State Payment");

WHEREAS, in order to ensure the viability of Prospect CharterCARE and encourage future development at Roger Williams Medical Center and the properties owned by St. Joseph within the City of Providence, Prospect CharterCARE and the City of Providence have agreed to enter into a tax stabilization and exemption treaty consistent with the City Council's authority under Chapter 21, Article VIII, Section 169 of the City of Providence Ordinances;

WHEREAS, it is in the interest of the residents of the City of Providence to grant a tax stabilization and exemption in order to ensure the success of Prospect CharterCARE's operations in the City of Providence including Roger Williams Medical Center.

**Now, Therefore, Be It Ordained by the City of Providence:**

Section 1. That the findings set forth in the preceding recitals are hereby made and confirmed.

Section 2. Definitions. The following terms shall have the meanings set forth herein:

- (a) "Commencement Date" shall be the later of the passage of this Ordinance or the completion of the acquisition of CharterCARE in accord with regulatory approvals to be issued by the Rhode Island Attorney General and the Rhode Island Department of Health.
- (b) "Department of Economic Development" shall mean the City of Providence's Department of Economic Development.

- (c) "Personal Property" shall mean any and all tangible personal property including, but not limited to all fixtures, furniture, equipment, furnishings, vehicles, computer hardware and software, informational systems and other personal property in which Prospect CharterCARE has right, title and interest that is subject to property taxation pursuant to the laws of the State of Rhode Island and/or the City of Providence as of the Commencement Date up and through the Termination Date.
- (d) "Project Owner" shall be the newly formed Prospect CharterCARE, LLC, its affiliates and its successors and assigns.
- (e) "Prospect CharterCARE and its affiliates" shall mean those entities identified in the application submitted pursuant to R.I. Gen. Laws §§23-17-1 *et seq.* and 23-17.14-1 *et seq.* including but not limited to, Prospect CharterCARE, LLC, Prospect CharterCARE RWMC, LLC, Prospect CharterCARE SJHSRI, LLC, Prospect CharterCARE Elmhurst, LLC, Prospect CharterCARE Ancillary Services, LLC.
- (f) "Real Property" and/or "Facility Site" shall mean the property identified in the City of Providence Assessor's records as detailed in Exhibit A for property associated with the "St. Joseph Center for Health and Human Services Campus" and Exhibit B for all of New Hospitals' remaining property in the City of Providence including the Roger Williams Medical Center, and all of the real estate, buildings and improvements located and/or to be located thereon, at the Commencement Date and up and through the Termination Date, subject to property taxation under the laws of the State of Rhode Island and the City of Providence.
- (g) "Stabilized Property Assessment" with respect to the Real Property and Personal Property shall be subject to determination via the next statistical revaluation and/or full revaluation undertaken beginning in the eighth (8<sup>th</sup>) year for Personal Property and seventh (7<sup>th</sup>) year for Real Property, respectively, after the Commencement Date by the City of Providence pursuant to RI Gen. Laws § 44-5-1 *et seq.* Prospect CharterCARE shall have a right to appeal any statistical revaluation and/or full revaluation directly to the Rhode Island Superior Court Business Calendar, Providence County and shall maintain all rights available under RI Gen. Laws § 44-5-26.
- (h) "Stabilized Tax Payments" shall mean the payments set forth in Sections 4 and 5, below.
- (i) "Termination Date" shall mean twelve (12) years from the Commencement Date.

Section 3. Term. The term of this Ordinance shall be a period commencing upon the Commencement Date and terminating upon the Termination Date.

Section 4. Grant of Tax Stabilization Plan. The City of Providence, in accordance with the Code of Ordinances for the City of Providence, is hereby authorized to grant and does grant and consent to the schedule of Stabilized Tax Payments pursuant to Exhibit C. Notwithstanding anything contained herein to the contrary, the Real Property may not be used for any purpose during the Term that is inconsistent with the City Council's authority to grant the stabilization plan contemplated herein under Chapter 21 Section 169 of the Providence City Code or under the Act.

Payments shall be made by Prospect CharterCARE directly to the City of Providence Tax Collector's Office. Failure to receive a stabilized tax bill shall not relieve Prospect CharterCARE of its obligation to make Stabilized Tax Payments herein. If for any reason CharterCARE does not receive an appropriate stabilized tax bill, Prospect CharterCARE shall have the responsibility and obligation to make reasonable inquiries to the City of Providence in order to have such a stabilized tax bill issued and thereafter to make payment of the same no later than the due dates provided herein.

Prospect CharterCARE shall receive a dollar-for-dollar credit to the extent the City of Providence, receives any funds from the payment of sales taxes by Prospect CharterCARE and/or related entities to the State of Rhode Island. Notwithstanding, Prospect CharterCARE shall not receive any credit for the payment of PILOT monies to the City of Providence pursuant to R.I. Gen. Laws §45-13-5.1.

Payment of the amounts set forth in the Tax Stabilization Plan shall be in full satisfaction of any and all property and use taxes to be assessed and levied against the Real Property, Facility Site, and Personal Property of Prospect CharterCARE during the term hereof.

Section 5. "Buy Providence" Initiative. Prospect CharterCARE will use good faith efforts to ensure that goods and services purchased for Roger Williams Medical Center during the turnaround of Prospect CharterCARE's operations, located in the City of Providence, are purchased from economically competitive and qualified vendors located in the City of Providence. In furtherance of this effort, Prospect CharterCARE will work with the Department of Economic Development to develop a database of qualified and economically competitive vendors.

#### Section 6. Employment Opportunities for Residents of the City of Providence.

6.1 Employment Opportunities During New Construction. Prospect CharterCARE shall make a good faith effort to award to Minority Business Enterprises as defined in Rhode Island General Laws, Section 37-14.1 ("MBE Act") no less than 10% of the dollar value of any New Construction costs in the City of Providence (as determined in accordance with the rules and regulations promulgated pursuant to MBE Act). Prospect CharterCARE shall make a good faith effort to award to women business enterprises (WBE's) no less than 10% of the dollar value of the construction costs in the City of Providence. Prospect CharterCARE will request that the Department of Economic Development establish a list of qualified MBE/WBE companies in order to satisfy its MBE/WBE construction goals. In this manner, the City of Providence will assist Prospect CharterCARE in meeting said goals. The process of participating with the MBE/WBE office shall begin upon passage in order to develop a designated MBE/WBE subcontractor list which will encourage MBE/WBE participation and joint ventures with other members of the construction industry.

6.2 Employment Opportunities During Operation. Prospect CharterCARE shall establish a protocol with the Department of Economic Development to post all job opportunities through the First Source Providence-Hire Providence program, and to educate the community about future employment opportunities with Prospect CharterCARE.

Section 7. Plan for Compliance with Employment, and "Buy Providence" Outreach Components. Prospect CharterCARE will work with the Department of Economic Development to publish a plan for compliance with Sections 5 and 6, within sixty (60) days of the acquisition of CharterCARE being completed.

Section 8. Satisfaction of Obligations. The City of Providence agrees that so long as the Stabilized Tax Payments are made by Prospect CharterCARE in accordance with the terms of this Ordinance, the City of Providence shall accept said payments in full satisfaction of the obligations of Prospect CharterCARE as to the payment of any and all taxes, including real and personal property assessments, to the City of Providence which could otherwise be levied upon the Real and Personal Property during the term of the Ordinance.

Section 9. Beneficiaries of Ordinance. The City of Providence expressly acknowledges that any and all future owners of the Facility Site and/or units or sub-units thereof, are intended to be beneficiaries of this Ordinance, and the provisions herein will apply with the same force and effect, so long as the Facility site remains a healthcare use and except that if Prospect loses title to the Facility Site as a result of a foreclosure or tax sale, this Ordinance will have no further effect on a future owner of the Facility Site.

Section 10. Apprenticeship. The Project Owner shall ensure that one-hundred percent (100%) of the hours worked on the Project shall be performed by trade construction subcontractors who have or are affiliated with an apprenticeship program as defined in 29 C.F.R. § 29 et seq.

The Project Owner shall make a requirement in the contracts between its Construction Manager and General Contractor and their subcontractors who have apprenticeship programs as defined in 29 C.F.R. § 29 that not less than ten percent (10%) of the total hours worked by the subcontractors' employees on the project are completed by apprentices registered in the aforementioned apprenticeship programs.

The Project Owner shall as part of its contracts between its Construction Manager and General Contractor and their subcontractors require that the subcontractors submit to the Department of Planning and Development quarterly verification reports to ensure compliance with this section.

The Project Owner, its Construction Manager or General Contractor or other authorized person/entity may petition the City of Providence Department of Planning and Development to adjust the apprenticeship work hour requirements to a lower percentage upon a showing that:

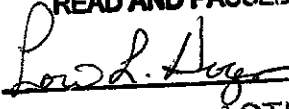
- a. compliance is not feasible because a trade or field does not have an apprenticeship program or cannot produce members from its program capable of performing the scope of work within the contract; or
- b. compliance is not feasible because it would involve a risk or danger to human health and safety or the public at large; or
- c. compliance is not feasible because it would create a significant economic hardship; or
- d. compliance is not feasible for any other reason which is justifiable and demonstrates good cause.

"Project" is defined for the purposes of this section to mean capital improvement projects at the Facility Site that the Project Owner does not self-perform, but performs through a contract with a Construction Manager or General Contractor. The terms "Construction Manager" and "General Contractor" shall mean third-parties not related to the Project Owner who perform capital improvement projects at the Facility Site pursuant to the capital investment to be made in accord with the licensure and approvals granted to the Project Owner by the Rhode Island Department of Health and the Rhode Island Department of Attorney General pursuant to R.I. Gen. Laws §§ 23-17-1 *et seq.* and 23-17.14-1 *et seq.*

Section 11. Severability. If any one section of this Ordinance is found to be unenforceable, then the other provisions herein shall continue to have the same force and effect as if the unenforceable provision were not passed as part of this Ordinance.

Section 12. Effective Date. This Ordinance shall become effective immediately upon the Commencement Date.


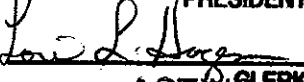
Section 13. Applicable Law. This agreement shall be construed under the laws of the State of Rhode Island.

IN CITY COUNCIL  
JUN 19 2014  
FIRST READING  
READ AND PASSED  
 CLERK  
ACTING

I HEREBY APPROVE.

  
Mayor

Date: 7/2/14

IN CITY  
COUNCIL  
JUN 23 2014  
FINAL READING  
READ AND PASSED  
 PRESIDENT  
 CLERK  
ACTING

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

THE CITY OF PROVIDENCE

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Approved as to form and correctness

By: \_\_\_\_\_

Name: Jeffrey Padwa

Title: City Solicitor

STATE OF RHODE ISLAND ) SS

COUNTY OF \_\_\_\_\_)

In \_\_\_\_\_, in said County and State, on the \_\_\_\_ day of June, 2014, before me appeared the above named \_\_\_\_\_, to me known and known by me to be the \_\_\_\_\_ of said \_\_\_\_\_, and he/she acknowledged the foregoing instrument by him/her so executed to be his/her free act and deed in said capacity and the free act and deed of said \_\_\_\_\_.

\_\_\_\_\_  
Notary Public: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

**EXHIBIT A<sup>1</sup>****St. Joseph Center for Health and Human Services Campus**

1. 21 Peace Street; Plat 44, Lot 259
2. 96-100 Wesleyan Avenue, Providence; Plat 44, Lot 294
3. 114-118 Wesleyan Avenue, Providence; Plat 44, Lot 290
4. 130 Wesleyan Avenue, Providence; Pat 44, Lot 286
5. 31 Whitmarsh Street, Providence; Plat 44, Lot 240
6. 29 Whitmarsh Street, Providence; Plat 44, Lot 241
7. 16 a/k/a 22 Peace Street, Providence; Plat 44, Lot 242
8. 89 Peace Street; Plat 44, Lot 150
9. 124 Wesleyan Avenue; Plat 44, Lot 288
10. 69-81 Peace Street, Providence
  - a. 69-71 and 81-83 Peace Street; Plat 44, Lots 711 and 256
  - b. 73-75 Peace Street, Providence; Plat 44, Lot 257
  - c. 77 Peace Street, Providence; Plat 44, Lot 265
11. 53 Whitmarsh Street, Providence; Plat 44, Lot 233
12. 106 Wesleyan Avenue, Providence; Plat 44, Lot 292
13. 647 a/k/a 653 Broad Street and 649 Broad Street, Providence; Plat 44, Lots 273 and 272
14. 864-868 & 872 Admiral Street, Providence; Plat 124, Lots 243 and 521
15. 52 Plenty Street; Plat 44, Lot 135
16. 56 Plenty Street; Plat 44, Lot 258
17. 62 Plenty Street; Plat 44, Lot 205
18. 33 Plenty Street; Plat 44, Lot 261
  - a. Original Lot 261
  - b. Original Lot 593
  - c. Original Lot 262
19. 39 Plenty Street; Plat 44, Lot 263
20. 43 Plenty Street; Plat 44; Lot 264
21. 47 Plenty Street; Plat 44, Lot 266

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<sup>1</sup> Subject to confirmation with the Tax Assessor that Exhibit A and Exhibit B include all of the real property owned by CharterCARE Health Partners and/or its affiliates in the City of Providence.

22. 55 Plenty Street; Plat 44, Lot 267
23. 58 Plenty Street (Plat 44, Lot 268, and 132 Wesleyan Street, Plat 44, Lot 730
24. 57 Whitmarsh Street; Plat 44, Lot 234
25. 10 Peace Street, Plat 44, Lot 247
26. 40 Peace Street; Plat 44, Lot 249
27. 48 and 52 Peace Street; Plat 44, Lots 252 and 253
28. 56 Peace Street; Plat 44, Lot 254
29. 60 Peace Street; Plat 44, 255
30. 61 Peace Street; Plat 44, Lot 719
31. 112 Wesleyan Street; Plat 44, Lot 291
32. 128 Wesleyan Street; Plat 44, Lot 287

### **EXHIBIT B<sup>2</sup>**

#### **Roger Williams Medical Center**

33. 825 Chalkstone Avenue; Plat 82, Lot 283
34. 877 Chalkstone Avenue-Physicians Office Building; Plat 117, Lot 417
35. 867 Chalkstone Avenue; Plat 117, Lot 418
36. 865 Chalkstone Avenue; Plat 117, Lot 421
37. 25, 29, 33, 37, 41, 45, 49, 53 and 57 Winrooth Avenue; Plat 117, Lots 483, 484, 485, 486, 487, 488, 489, 490 and 491
38. 444 Pleasant Valley Parkway; Plat 117, Lot 432
39. 61 Winrooth Avenue; Plat 117, Lot 492
40. 65 Winrooth Avenue; Plat 117, Lot 507
41. 71 Winrooth Avenue; Plat 117, Lot 509

#### **Roger Williams Realty Corporation**

1. 50 Convent Street; Plat 82, Lot 234
2. 60 Maude Street; Plat 82, Lot 154
3. 70 Maude Street; Plat 82, Lot 155

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<sup>2</sup> Subject to confirmation with the Tax Assessor that Exhibit A and Exhibit B include all of the real property owned by CharterCARE Health Partners and/or its affiliates in the City of Providence.



**Rosebank Corporation**

1. 33 & 37, 41, 45 and 49 & 55 Rosebank Avenue
  - a. 33 & 37 Rosebank Avenue; Plat 82, Lots 224 and 223
  - b. 41 Rosebank Avenue; Plat 82, Lot 222
  - c. 45 Rosebank Avenue; Plat 82, Lot 221
  - d. 49 and 55 Rosebank Avenue; Plat 82, Lots 220 and 219
2. 32 Winrooth Avenue; Plat 117, Lot 474
3. 21 Winrooth Avenue, 17 Parkway Avenue, 881 & 895 Chalkstone Boulevard; Plat 117, Lots 473, 471, 416 and 415

**EXHIBIT C**  
**TAX STABILIZATION PLAN**

Real Property			Tangible Property			Host Community Payments to Phase Out of Existing RWMC/City PILOT		
	Year	Taxes to be Paid under the Proposed Tax Exemption/ Stabilization Format		Year	Taxes to be Paid under the Proposed Tax Exemption/ Stabilization Format		Year	
1	2014	\$600,000	1	2014	\$0.00		1	\$100,000
2	2015	\$2,100,000	2	2015	\$0.00		2	\$125,000
3	2016	\$2,200,000	3	2016	\$0.00		3	\$150,000
4	2017	\$2,300,000	4	2017	\$0.00		4	\$175,000
5	2018	\$2,400,000	5	2018	\$0.00		5	\$200,000
6	2019	\$2,500,000	6	2019	\$225,000			
7	2020	The real property would be reassessed and taxed on 44% of the assessed Value with a Floor of \$2.5M in Actual Tax Revenue	7	2020	\$250,000			
8	2021	55%	8	2021	20%			
9	2022	66%	9	2022	40%			
10	2023	77%	10	2023	60%			
11	2024	88%	11	2024	80%			
12	2025	100%	12	2025	100%			

March 13, 2014

**Via Messenger**

Michael A. Solomon, Council President  
City of Providence  
25 Dorrance Street  
Providence, Rhode Island 02903-1789

**RE: Prospect CharterCARE LLC Stabilization/Exemption Ordinance**

Dear Council President Solomon:

This office represents Prospect Medical Holdings, Inc. ("PMH"). PMH and CharterCARE Health Partners ("CCHP") have executed an Asset Purchase Agreement proposing to form a joint venture ("Proposed Joint Venture") to own and operate Roger Williams Medical Center in Providence ("Roger Williams"), Fatima Hospital in North Providence ("Fatima"), the St. Joseph Center for Health and Human Services located in Providence ("St. Joseph") and the other assets of the CCHP network. Adler, Pollock & Sheehan, PC represents CCHP.

Enclosed is a proposed Stabilization/Exemption Ordinance relative to the Proposed Joint Venture that we would like to have introduced at the Providence City Council at its hearing on March 20, 2014 for reference to the appropriate committee.

A Hospital Conversion Act Application and a Change in Effective Control Application are currently being considered by the Attorney General's Office and the Department of Health relative to the Proposed Joint Venture. The Proposed Joint Venture is contingent upon reaching an agreement with the host communities of Providence and North Providence on the issue of stabilizing and exempting property taxes.

CCHP has a significant impact on the economy and quality of life in the City of Providence and the State of Rhode Island. CCHP currently employs approximately 3,000 people with salaries and benefits in the approximate amount of \$178M per year. This includes approximately 550 employees living in Providence. Moreover, CCHP provides approximately \$25M annually in charity care to citizens of the State of Rhode Island. This charity care includes approximately \$12M of care being provided to the residents of Providence. Individuals and families that receive such care would not otherwise be able to afford the same. Moreover, on a yearly basis, CCHP makes in excess of \$70M in purchase from vendors in the State of Rhode Island. Additionally, when utilizing the multipliers employed by the Hospital Association of Rhode Island, CCHP has an annual economic impact of over \$524M in the State of Rhode Island. Moreover, the Proposed Joint

Venture is planning on injecting \$95M into the CCHP network over the next four years. Thus, it is vital that the Proposed Joint Venture be successful.

As you know, the existing hospitals are tax exempt. However, the Proposed Joint Venture has formed an entity called Prospect CharterCARE, LLC that will be owned 85% by PMH (a for-profit entity) and 15% by CCHP and thus, may be subject to property tax. At the same time, as a result of the Proposed Joint Venture, PMH understands that the significant appropriations in lieu of property tax payments from the State of Rhode Island pursuant to R.I. Gen. Laws §45-13-5.1 (the "State Pilot Payments") that the City of Providence currently receives may cease should the transaction be completed. Accordingly, PMH is desirous to enter into a tax stabilization/exemption agreement that would provide the Proposed Joint Venture the flexibility it needs to return the CCHP system to a strong financial position while at the same time, recognizing the potential impact that the loss of the State PILOT payments will have on the City of Providence should the cease.

The proposed stabilization/exemption ordinance is based on the standard 12 year exemption model that the City of Providence has recently adopted, but with an adjustment to recognize the possible loss of the State PILOT payments.

Some key aspects of the proposed stabilization/exemption ordinance are as follows:

- The ordinance proposes a payment of \$500,000 in the 1<sup>st</sup> year, a \$600,000 payment for the 2<sup>nd</sup> year, a \$700,000 payment for the 3<sup>rd</sup> year, a \$800,000 payment for the 4<sup>th</sup> year, a \$900,000 payment for the 5<sup>th</sup> year, and \$1,000,000 payment for the 6<sup>th</sup> year.
- Then, in years 7 through 12 a revaluation would take place and the Proposed Joint Venture would begin paying a percentage of the full assessed tax starting at 44% rising to 100% by the 12<sup>th</sup> year.
- In order to encourage investment in new technology by the Proposed Joint Venture, the ordinance proposes to exempt from taxation all new technology investment during the term of the ordinance.
- In order to encourage investment in the City of Providence, the ordinance contains a "Buy Providence" initiative and an initiative to employ Providence residents, where if completed, the Proposed Joint Venture would receive a tax credit.

Time is of the essence in getting an ordinance passed. In late February, Moody's downgraded St. Joseph Health Services of Rhode Island's bond rating and further issued a negative outlook pointing out that there is only 15 days cash on hand. Accordingly, to protect the vital asset that CCHP is to the City of Providence and the State of Rhode Island, as well as to encourage the investment of \$95M in the Rhode Island economy by and through the Proposed Joint Venture over the next 4 years, it is imperative that the parties come to an agreement with regard to an stabilization/exemption ordinance as soon as possible.

FERRUCCI  
RUSSO

Michael A. Solomon, Council President  
March 13, 2014  
Page 3

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Mark Russo', written in a cursive style.

W. MARK RUSSO

WMR/was  
Enclosure  
CC: Robert P. Brooks, Esq.

FERRUCCI  
RUSSO