

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Amended Dec 5, 38
Dec 3, 48
Amended Dec 5, 66
Dec 5, 82

CHAPTER 1997-18

No. 85 AN ORDINANCE TO ADOPT THE PROVPORT, INC. TAX EXEMPTION AGREEMENT, AS AMENDED

Approved February 26, 1997

Be it ordained by the City of Providence:

WHEREAS, on July 7, 1994 this City Council approved a Resolution authorizing the sale of various lots on Assessor's Map 56, commonly referred to as the Port of Providence (the "Port") to ProvPort, Inc. ("ProvPort") a non-profit corporation organized under the laws of the State of Rhode Island; and

WHEREAS, ProvPort's purchase proposal had contemplated payments in lieu of taxes on Port property; and

WHEREAS, said Resolution made reference to an agreement to be proposed for payments in lieu of taxes; and

WHEREAS, on September 28, 1994, the City of Providence (the "City") sold the Port to ProvPort, Inc. ("ProvPort"), for the purchase price of \$16,655,000; and

WHEREAS, the sale of the Port was concluded under a Request for Proposal process initiated by the City in May, 1994, which Request for Proposal contemplated assistance by the City in the financing of port improvements in the amount of \$3,000,000 and

WHEREAS, in accordance with the terms of said sale, ProvPort agreed to undertake certain capital improvements to the Port in the total aggregate amount of \$3,200,000, as more fully set forth in that certain Trust Agreement among ProvPort, Fleet National Bank, the Providence Redevelopment Agency and the City dated as of September 1, 1994, and further to enter into a revenue sharing agreement with the City; and

WHEREAS, the City wishes to grant an exemption on the real and personal property and the improvements owned or leased by ProvPort to assist in the

No.

CHAPTER

AN ORDINANCE to Adopt the
ProvPort, Inc. Tax Exemption
Agreement, as Amended

IN CITY COUNCIL
JUN 1 1995
FIRST READING
REFERRED TO COMMITTEE ON
FINANCE

CLERK

THE COMMITTEE ON

Finance

Recommends Be Continued

April 23, 1996 ^{Clerk}
April 29, 1996 Oct. 28, 1996
August 15, 1996 NOV. 13, 1996 P.H. held

THE COMMITTEE ON

Finance

Recommends Be Continued

May 13, 1996 ^{Clerk}
Jan. 13, 1997

THE COMMITTEE ON
FINANCE
Approves Passage of
The Within Ordinance

JAN 21 1997 ^{Clerk}

financing of said improvements as aforesaid for the period during which said revenue sharing agreement is in effect; and

WHEREAS, pursuant to R.I.G.L. § 44-3-9, the City finds that granting an exemption of taxes to ProvPort for a ten (10) year period will inure to the benefit of the City by reason of the willingness of ProvPort to: (i) purchase and expand the operations at the Port thereby directly and indirectly creating jobs within the City; (ii) undertake the capital improvements necessary to increase the profitability of the Port; and (iii) generate additional revenue to the City by sharing a portion of said profits with the City;

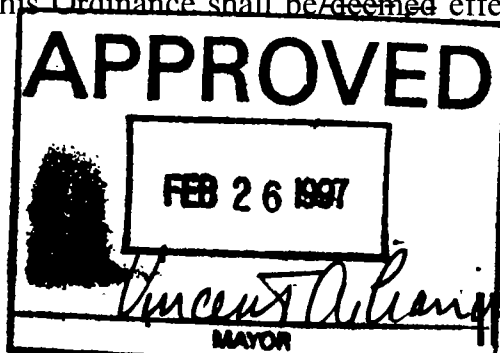
NOW, THEREFORE, be it ordained by the City of Providence:

Section 1. The City Council of the City of Providence hereby adopts the ProvPort, Inc. Tax Exemption Agreement based upon the finding that the capital improvements and facilities described therein are needed, and the financing of such project is in the public interest.

Section 2. As of the date of the Ordinance, as a condition of the Tax Exemption Agreement, in making employment decisions, ProvPort, Inc. shall give preferential consideration to qualified employees/applicants who reside or are willing to reside in Providence.

Section 3. As a further condition of this Tax Exemption Agreement, ProvPort, Inc. shall be required to present a report annually to the City Council, prior to June 30. This report shall include, but not be limited to, the annual budget as presented to the Providence Redevelopment Agency, the quarterly reports from the past fiscal year, a description of the capital improvements that have been completed and a list of capital improvements to be completed in the upcoming fiscal year.

Section 4. This Ordinance shall be ^{retroactively} ~~deemed~~ effective as of September 24, 1994.



CITY COUNCIL
FEB 6 1997
FIRST READING
READ AND PASSED

Michael R. Clement

CITY COUNCIL
FEB 20 1997
FINAL READING
READ AND PASSED

Ernestine V. Fargnoli
PRESIDENT
Michael R. Clement
CLERK

PROVPORT TAX EXEMPTION AGREEMENT

I. PROJECT SUMMARY

Improvements To Be Funded: The capital improvements listed herein.

Tax Exemption Area: All real and personal property and improvements owned by ProvPort, Inc. located at Fields Point in the City of Providence.

Capital Improvement Cost: Approximately \$3.2 million, as adjusted by U.S. Department of Labor Standards.

Projected Contributions to the City: Approximately \$ 16,655,000 prepaid plus additional contributions hereunder.

II. CAPITAL IMPROVEMENTS

Description of Improvements

The improvements will be undertaken by ProvPort, Inc., a nonprofit corporation. ProvPort will invest approximately \$3.2 million, which will be used to contain repair and operating expenses, retain current and attract future tenants and improve the capital infrastructure at the Port.

There are four general categories of capital improvements which shall be undertaken at the Port, each of which shall be considered a permissible use: (i) dredging, (ii) fendering, (iii) capital improvements of the Port and (iv) economic development of the Port. Projected costs are estimates only. Allocation of costs among the categories may change as a result of such factors as technological components, design changes, and developing needs.

<u>Capital Improvement Project</u>	<u>Projected Cost</u>
Dredging	\$ 500,000
Fendering	800,000
Capital Improvements of the Port	900,000
Other Capital Improvements Necessary to Attract Future Lessees	1,000,000
TOTAL	<hr/> \$3,200,000

Dredging. It is anticipated that dredging will be ProvPort's highest priority capital improvement project for the Port. Dredging is required by the federal government who has the responsibility of maintaining the harbor which directly services the Port. The total cost for dredging is expected to be approximately \$500,000.

Fendering. It is anticipated that fendering will be the Corporation's second highest priority capital improvement project for the Port. Since fendering is important for the protection of moored vessels at the Port, the fendering system along the Port's docks needs to be in good condition to ensure that the Port maintains its usefulness. ProvPort expects to begin a replacement fendering project after completion of the Port's dredging project. The project may consist of driving pilings to the bedrock underlying the harbor and adding appropriate materials to insure isolation of the area between the Port's pier facing, which is granite, and the vessels moored at the Port. The project is currently scheduled to take four months to complete at a cost to ProvPort of approximately \$200,000 per month, for an aggregate total cost of \$800,000.

Capital Improvements of the Port. It is anticipated that the Master Plan will identify certain specific capital improvement projects for the Port. ProvPort expects that such capital improvements will include, but not be limited to, lighting, security structures at gated entrances, paving and buildings. Such upgrades are important to maintain the good working condition of the Port and to allow for improvements thereto that could increase the value of the Port. The anticipated cost for these items is \$900,000.

Other Capital Improvements Necessary to Attract Future Lessees. It is further anticipated that ProvPort will make the economic development of the Port a priority in the next several years. ProvPort expects such projects to involve improved access to the unleased portions of the Port, paving, equipment for loading or offloading cargo, lighting and fencing. Such projects will increase the viability, profitability and value of the Port. The costs and related payments respecting the economic development of the Port will be directly related to the marketing activity to be undertaken for the Port. ProvPort expects to spend approximately \$1,000,000 for capital improvement projects related to the economic development of the Port.

Administration

Expenditures for capital improvements will be governed by the terms of that certain Trust Agreement among ProvPort, Fleet National Bank, the Providence Redevelopment Agency and the City dated as of September 1, 1994, which requires all amounts

necessary for capital improvements to be deposited into a capital improvement account to be administered by the Trustee. Provided the terms of the Trust Agreement are met, expenditures for capital improvements shall be deemed permissible under this agreement.

Adjustment of Current Projected Costs

The total amount of capital expenditures authorized herein shall be adjusted annually to reflect the costs of construction improvements as measured by the U.S. Department of Labor standards (September, 1994 as 100).

III. CONTRIBUTIONS TO THE CITY

Upon the reinvestment by ProvPort of the capital expenditures as defined herein, ProvPort and the City shall enter into a Revenue Sharing Agreement. Payments required under the Revenue Sharing Agreement shall be made annually. The Revenue Sharing Agreement shall have a term commencing on the date all capital improvements are constructed and expenditures exceed \$3.2 MM and terminating on January 1, 2025 unless earlier terminated by mutual agreement. This Tax Exemption Agreement shall be binding and enforceable upon all parties for the term of the Revenue Sharing Agreement.

IV. NEED FOR IMPROVEMENTS AND CONTRIBUTIONS TO CITY

The capital improvements and marketing efforts that are eligible for tax exemption are needed to maintain existing tenants and attract future tenants to the Port. It is expected that such activities will preserve and enhance the profitability of the Port, thereby enhancing the positions of ProvPort and the City under the Trust Agreements and increasing the amounts paid to the City under the Revenue Sharing Agreement and enhancing the position of the parties that certain Trust Agreement among ProvPort, Fleet National Bank, the Providence Redevelopment Agency and the City dated September 1, 1994. For these reasons this tax exemption is deemed to be in the public interest.

V. TAX INCREMENT PROVISIONS

Estimated Amount of Expenditures: \$3.2 million, as adjusted herein.

Base Date: December 31, 1994.

ATTEST:

PROVPORT, INC.

By _____
Title _____

By _____
Title _____

ATTEST:

THE CITY OF PROVIDENCE,
RHODE ISLAND

By _____
Title _____

By _____
Title _____

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Finance Department

"Building Pride In Providence"

October 28, 1996

The Honorable Patricia Nolan
Providence City Council
City Hall
25 Dorrance Street
Providence, R. I. 02903

Dear Councilwoman Nolan :

This memo serves as a fiscal note pertaining to the proposed Tax Treaty between the City of Providence and Prov Port, Inc.

Enclosed is a table prepared by the City Assessor which tabulates the assessed value of each plat and lot in question. The total assessed value of \$26,799,200.00 times the current tax rate of \$30.42 yields total taxes of \$815,231.66. This is the amount which would be realized if the land were taxable.

The following points are relevant and should be noted:

- 1.) These land parcels yielded no taxes prior to the sale to Prov Port.
- 2.) Leasehold improvements which are the property of the lessees continue to be taxed , as was the case prior to the sale.
- 3.) The payment of taxes by Prov Port was not contemplated in the bid process , nor in the sale process.
- 4.) Official offering statements to certificate holders did not include taxes as an expense of port operation.

5.) If taxes were included as expense , the sale price would have been considerably reduced.

6.) Payment of taxes by Prov Port would almost certainly result in a default in payments to the certificate holders.

Sincerely,

A handwritten signature in black ink, appearing to read "Boyce Spinelli". The signature is written in a cursive, flowing style.

Boyce Spinelli
Director of Finance

PROVPORT INC.

ASSESSMENT AND TAX REVIEW

10-18-96

PLAT	LOT		ASSESS.	TAXES		
56	333		\$ 434,700.00	\$ 13,223.57		
56	336		\$ 1,984,300.00	\$ 60,362.41		
56	280-LL01		\$ 168,600.00	\$ 5,128.81		
56	280-LB01		\$ 161,400.00	\$ 4,909.79		
56	281		\$ 721,000.00	\$ 21,932.82		
56	297		\$ 2,106,800.00	\$ 64,088.86		
56	303		\$ 14,000.00	\$ 425.88		
56	304		\$ 19,400.00	\$ 590.15		
56	305		\$ 44,100.00	\$ 1,341.52		
56	311		\$ 235,400.00	\$ 7,160.87		
56	312		\$ 9,879,800.00	\$ 300,543.52		
56	314		\$ 36,400.00	\$ 1,107.29		
56	319		\$ 96,200.00	\$ 2,926.40		
56	321		\$ 14,200.00	\$ 431.96		
56	328		\$ 15,800.00	\$ 480.64		
56	307-LL01		\$ 663,700.00	\$ 20,189.75		
56	313-LL01		\$ 32,400.00	\$ 985.61		
56	2-LL01		\$ 733,000.00	\$ 22,297.86		
56	25-LL01		\$ 1,155,300.00	\$ 35,144.23		
56	71-LL01		\$ 248,700.00	\$ 7,565.45		
56	71-LB01		\$ 124,800.00	\$ 3,796.42		
56	254-LL01		\$ 1,577,500.00	\$ 47,987.55		
56	262-LL01		\$ 1,793,400.00	\$ 54,555.23		
56	263-LL01		\$ 54,600.00	\$ 1,660.93		
56	264		\$ 103,300.00	\$ 3,142.39		
56	267		\$ 422,300.00	\$ 12,846.37		
56	268		\$ 1,592,900.00	\$ 48,456.02		
56	269		\$ 129,300.00	\$ 3,933.31		
56	270		\$ 1,343,200.00	\$ 40,860.14		
56	271		\$ 762,200.00	\$ 23,186.12		
56	310-LL01		\$ 84,900.00	\$ 2,582.66		
56	310-LB01		\$ 20,000.00	\$ 608.40		
56	335		\$ 25,600.00	\$ 778.75		
TOTALS			\$ 26,799,200.00	\$ 815,231.66		