

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 2003-39

No. 531 **AN ORDINANCE** ESTABLISHING A TAX STABILIZATION
PLAN AND RELATED TAX STABILIZATION AGREEMENT FOR THE
GTECH CORPORATE HEADQUARTERS, AS AMENDED.

Approved July 15, 2003

Be it ordained by the City of Providence:

WHEREAS, GTECH Corporation ("GTECH"), a corporation organized under the laws of the State of Delaware, and The Rhode Island Economic Development Corporation ("Corporation") a public instrumentality created pursuant to Chapter 64 of Title 42 of the General Laws of Rhode Island, as amended (the "Act") entered into a Memorandum of Understanding dated April 9, 2003 ("Memorandum of Understanding") relating to the acquisition and leasing of certain real estate and the development and construction of an office building in the capital center district in the City of Providence (the "City"), together with all furnishings and computers, which is intended to be used as the GTECH Corporate Headquarters (the "Project"); and

WHEREAS, GTECH and the Rhode Island Lottery, an agency of the State of Rhode Island, entered into a Master Contract dated May 12, 2003 ("Master Contract") relating, in part, to the Project; and

WHEREAS, the City, the Corporation and GTECH wish to enter into a tax stabilization agreement with respect to the payment of all taxes or all payments in lieu of taxes now or hereafter levied by the City which relate to the Project substantially in the form attached hereto as Exhibit A (the "Tax Stabilization Agreement"); and

WHEREAS, the City has made and hereby reaffirms the following findings with respect to the Tax Stabilization Agreement:

- (a) The Tax Stabilization Agreement is in the public interest as it induces GTECH to locate the Project in the City and the Project substantially increases the tax base of the

No.

CHAPTER
AN ORDINANCE

IN CITY COUNCIL

MAY 27 2003

FIRST READING

REFERRED TO COMMITTEE ON

FINANCE + GTECH

Proposal Oversight

Commission - Sanitly

Claire E. Betting

CLERK

THE COMMITTEE ON

Finance + GTECH

Recommendation -

Refers to Finance

Ann M. Allen

6-12-03

CLERK

THE COMMITTEE ON

Finance

Recommendation -

Schedule P Hwy

Ann M. Allen

6-12-03

CLERK

6-23-03

P. Hwy held

AMS

THE COMMITTEE ON

Finance

Approval of Passage of

The V. Ordinance

as Amended

Michael R. Clement

6-23-03

CLERK

AMS

Council President Lombardi

City, provides significant new tax revenues to the City, creates substantial new employment opportunity for residents of the City and substantially enhances property values in the City as well as the overall economic climate of the City; and

- (b) The Act provides that the City, the Corporation and GTECH may make an agreement with respect to all real and personal property taxes or payments in lieu of real and personal property taxes with respect to the Project; and
- (c) The payments made pursuant to the Tax Stabilization Agreement are fair and equitable and acceptable to the City, GTECH and the Corporation.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PROVIDENCE, RHODE ISLAND, AS FOLLOWS:

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

Section 2. That the execution, delivery and performance by the City of a Tax Stabilization Agreement with the Corporation and GTECH for a term ending on the twentieth anniversary of the completion of the Project, substantially in the form of the Tax Stabilization Agreement attached hereto as Exhibit A, are hereby authorized and approved subject to the following events:

- (a) The Board of Directors of the Corporation adopting a resolution confirming the use of the tax exemption pursuant to the provisions of Chapter 42-64 of the R.I.G.L.; and
- (b) The Tax Stabilization Agreement being executed by the Corporation and GTECH.

Section 3. This Ordinance shall take effect seven days after passage hereof.

IN CITY COUNCIL
JUN 26 2003
FIRST READING
READ AND PASSED

Richard R. Clement
CLERK

IN CITY COUNCIL
JUL 3 2003
FINAL READING
READ AND PASSED

Richard R. Clement
PRESIDENT
Richard R. Clement
CLERK

APPROVED

[Signature]

MAYOR

7/15/03

GTECH Proposal
Assumptions:
Plat 19 Lot 109
Assessment Value: AS ESTIMATED
IERMS:

CONSTRUCTION YEARS	ASSESSMENT ESTIMATE LAND	TAX RATE PER \$1000	UNADJUSTED TAX CONCLUSION
1	\$6,446,700	35.94	\$231,694
2	\$6,446,700	35.94	\$231,694
3	\$6,446,700	35.94	\$236,619

A	B	C	D	E	F	G	H	I	J
STABILIZATION YEAR #	ASSESSMENT ESTIMATE	TAX RATE PER \$1000	UNADJUSTED TAX CONCLUSION	% TAXABLE	STABILIZATION ASSESSMENT TAXABLE	STABILIZATION ASSESSMENT ABATED	STABILIZATION TAX AMOUNT	EXEMPTED STABILIZATION TAX AMOUNT	PAYMENT SCHEDULE
1	\$44,500,000	35.94	\$1,599,330	5%	\$2,225,000	\$42,275,000	\$79,967	\$1,519,364	\$1,000,000
2	\$44,500,000	35.94	\$1,599,330	10%	\$4,450,000	\$40,050,000	\$159,933	\$1,439,397	\$1,000,000
3	\$44,500,000	35.94	\$1,599,330	15%	\$6,675,000	\$37,825,000	\$239,900	\$1,359,431	\$1,000,000
4	\$44,500,000	35.94	\$1,599,330	20%	\$8,900,000	\$35,600,000	\$319,866	\$1,279,464	\$1,000,000
5	\$44,500,000	35.94	\$1,599,330	25%	\$11,125,000	\$33,375,000	\$399,833	\$1,199,498	\$1,000,000
6	\$44,500,000	35.94	\$1,599,330	30%	\$13,350,000	\$31,150,000	\$479,799	\$1,119,531	\$1,100,000
7	\$44,500,000	35.94	\$1,599,330	35%	\$15,575,000	\$28,925,000	\$559,766	\$1,039,565	\$1,100,000
8	\$44,500,000	35.94	\$1,599,330	40%	\$17,800,000	\$26,700,000	\$639,732	\$959,598	\$1,100,000
9	\$44,500,000	35.94	\$1,599,330	45%	\$20,025,000	\$24,475,000	\$719,699	\$879,632	\$1,100,000
10	\$44,500,000	35.94	\$1,599,330	50%	\$22,250,000	\$22,250,000	\$799,665	\$799,665	\$1,100,000
11	\$44,500,000	35.94	\$1,599,330	55%	\$24,475,000	\$20,025,000	\$879,632	\$719,699	\$1,200,000
12	\$44,500,000	35.94	\$1,599,330	60%	\$26,700,000	\$17,800,000	\$959,598	\$639,732	\$1,200,000
13	\$44,500,000	35.94	\$1,599,330	65%	\$28,925,000	\$15,575,000	\$1,039,565	\$559,766	\$1,200,000
14	\$44,500,000	35.94	\$1,599,330	70%	\$31,150,000	\$13,350,000	\$1,119,531	\$479,799	\$1,200,000
15	\$44,500,000	35.94	\$1,599,330	75%	\$33,375,000	\$11,125,000	\$1,199,498	\$399,833	\$1,200,000
16	\$44,500,000	35.94	\$1,599,330	80%	\$35,600,000	\$8,900,000	\$1,279,464	\$319,866	\$1,300,000
17	\$44,500,000	35.94	\$1,599,330	85%	\$37,825,000	\$6,675,000	\$1,359,431	\$239,900	\$1,300,000
18	\$44,500,000	35.94	\$1,599,330	90%	\$40,050,000	\$4,450,000	\$1,439,397	\$159,933	\$1,300,000
19	\$44,500,000	35.94	\$1,599,330	95%	\$42,275,000	\$2,225,000	\$1,519,364	\$79,967	\$1,300,000
20	\$44,500,000	35.94	\$1,599,330	100%	\$44,500,000	\$0	\$1,599,330	\$0	\$1,300,000
STABILIZATION TOTALS			\$31,986,600		\$467,250,000	\$422,750,000	\$16,792,965	\$15,193,635	\$23,000,000
YEARS 2003-2005 PAYMENT TOTAL									\$700,008
TOTAL PAYMENT									\$23,700,008

EXHIBIT TO ORDINANCE NO: _____

EXHIBIT "A"

TAX STABILIZATION AGREEMENT

THIS AGREEMENT made and entered into as of the _____ day of June, 2003 by and among the City of Providence, a municipal corporation organized and existing under the laws of the State of Rhode Island, (the "City"), the Rhode Island Economic Development Corporation (the "Corporation"), a governmental agency and public instrumentality organized and existing pursuant to Chapter 64 of Title 42 of the General Laws of Rhode Island, 1956, as amended ("RIGL"), and GTECH Corporation, a corporation organized under the laws of the State of Delaware ("GTECH"), is intended to stabilize the amount of taxes or payments in lieu thereof to be paid to the City by GTECH during the term hereof; and

WHEREAS, GTECH has applied to the Corporation for assistance in constructing and developing on real estate in the City one or more structures or buildings (including without limitation, any Parking Structures, as defined below) together with related improvements including all furniture, fixtures, equipment, furnishings, computer hardware and software and information systems related thereto, which are intended to serve as a global headquarters for GTECH or for any lawful commercial, office or industrial purpose (collectively the "Project"); and

WHEREAS, this Agreement is entered into pursuant to the provisions of Chapter 42-64 of the RIGL, including without limitation §42-64-13(e) and §42-64-20, thereof; and

WHEREAS, the GTECH, with the assistance of the EDC, will obtain control of a site in the Capital Center in the City more completely described on Exhibit A (the "Project Site"); and

WHEREAS, GTECH will finance the cost of acquiring the Project Site and the cost of certain infrastructure improvements related thereto; and

WHEREAS, it is contemplated that GTECH will convey the Project Site to the Corporation and enter into a ground lease of the Project Site with the Corporation (the "Ground Lease") and

WHEREAS, it is contemplated that the Corporation shall hold legal title to the Project Site and GTECH, or its Affiliate as defined herein, shall develop, construct, operate and hold legal title to the Project (exclusive of the Project Site and certain infrastructure improvements); and

WHEREAS, pursuant to §42-64-20 of the RIGL, GTECH and the Corporation have agreed that GTECH will, on behalf of the Corporation, make certain payments in lieu of taxes to the City with respect to the Project Taxable Properties, as hereinafter defined; and

WHEREAS, the Corporation has undertaken an economic impact analysis which demonstrates the following:

- GTECH shall construct its world headquarters in the City. Although the commercial enterprise is existing, GTECH and the City, as set forth herein, shall work together to ensure that Providence residents are provided preference for all available employment opportunities. It is currently anticipated that 40 to 50 jobs will have to be filled upon GTECH's arrival in the City. Moreover, based upon historical attrition rates, an additional 25 to 50 job openings per year will become available.
- GTECH has historically injected some \$25 to \$30 million per year into the local economy by doing business with and purchasing materials from local businesses.
- The construction of GTECH's world headquarters will result in the creation of construction jobs with a payroll in excess of \$25 million. As set forth herein, the City and GTECH shall work together to maximize opportunities for the community arising from such a significant construction project.

- Current projections indicate that in its first year of operation, GTECH's world headquarters will result in the purchase of approximately 7,000 hotel rooms per year in the City of Providence. The expenditures into the local economy resulting from this demand shall be in excess of \$1,500,000 per year. Current projections for future demand indicate that said demand may climb to 10,000 hotel rooms per year.
- Accounting for the above-referenced economic impacts and payments in lieu of taxes, over the proposed twenty years of the instant agreement, the cumulative economic benefit exceeds \$600 million.

WHEREAS, the City has found and determined that:

- (a) The Tax Stabilization Agreement is in the public interest as it induces GTECH to locate the Project in the City and the Project substantially increases the tax base of the City, provides significant new tax revenues to the City, creates substantial new employment opportunity for residents of the City and substantially enhances property values in the City as well as the overall economic climate of the City; and
- (b) The Act provides that the City, the Corporation and GTECH may make an agreement with respect to all real and personal property taxes or payments in lieu of real and personal property taxes with respect to the Project; and
- (c) The payments made pursuant to the Tax Stabilization Agreement are fair and equitable and acceptable to the City, GTECH and the Corporation.

WHEREAS, the City, in accordance with Chapter 42-64 of the RIGL, is entitled to receive payments in lieu of taxes from GTECH relating to the Project Taxable Properties; and

WHEREAS, the City has authorized the execution and delivery of this Tax Stabilization Agreement by Ordinance No. ____ of the City.

NOW, THEREFORE, in consideration of applicable law and their mutual promises and for good and other valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. The following terms shall have the meaning set forth herein:
 - (a) "Commencement Date" means the date on which the Corporation or GTECH takes a leasehold or other legal or equitable interest in the Project Site.

(b) "GTECH" means the GTECH Corporation, a corporation organized under the laws of Delaware or any affiliate of GTECH. An affiliate of GTECH may be any corporation, trust, partnership, joint venture or other form of business entity which (acting jointly with GTECH or at the direction of GTECH) owns, leases or finances the Real Property Improvements (as defined herein) which are used by GTECH in its business operations in the City and which assists in the financing of the construction and development of the Project.

(c) "Office Building" means a building and related improvements providing office space (including any incidental retail space, but not including Parking Structures) for the Project located on the Project Site and including any additions thereto.

(d) "Parking Structures" means any and all parking garages, ramps, decks, or underground parking facilities which are contained in the Office Building.

(e) "Personal Property" means any and all tangible personal property, new or used, including all furniture, fixtures, equipment, furnishings, computer hardware and software and information systems.

(f) "Project Owner" means GTECH which is either (i) the lessee or a sublessee under the Ground Lease or (ii) which holds legal title to the Real Property Improvements, or Personal Property.

(g) "Project Taxable Properties" means collectively, the Project Site, Real Property Improvements, and Personal Property.

(h) "Real Property Improvements" means the Office Building, Parking Structures, and related improvements.

(i) "Stabilized Assessment" means with respect to:

(i) the Project Site together with any and all existing infrastructure improvements thereon: the City tax assessment value as of December 31, 2002, as shown on Exhibit A hereof.

(ii) the Real Property Improvements (excluding Parking Structures) and the Personal Property on the Project Site: \$99.67 per gross square foot of Office Building space.

(iii) Parking Structures shall be assessed at \$2,500 per vehicle parking space.

(iv) Real Property Improvements constructed as part of the Project during the term of this Agreement shall be assessed as set forth in (ii) and (iii) above as of the December 31 of the calendar year in which the final certificate of occupancy is issued with respect to the Real Property Improvements (pro rated in accordance with the provisions of Section 3(f) hereof).

(j) "Stabilized Tax Payment" means the Stabilized Assessment multiplied by the Stabilized Tax Rate. The Stabilized Tax Payment shall increase by One Hundred Thousand (\$100,000.00) Dollars on the fifth, tenth and fifteenth anniversary of the December 31st of the year in which a certificate of occupancy is issued with respect to the Real Property Improvements.

(k) "Stabilized Tax Rate" shall mean \$35.94 per \$1,000 of assessed valuation.

(l) "Termination Date" means (a) the later of December 31, 2023 or the 20th anniversary of the December 31 in which the Real Property Improvements are first assessed as set forth in Section 1(i)(iv) or (b) the date the Agreement is terminated pursuant to the provisions of Section 5 hereof, whichever shall first occur.

2. Term. The term of this Agreement shall be for a period commencing on the Commencement Date and terminating on the Termination Date.

3. Payment of Taxes. (a) Pursuant to the provisions of RIGL §42-64-20 on behalf of the Corporation, GTECH and the Corporation hereby agree that during the term of this Agreement the Project Owner shall, on behalf of the Corporation, make Stabilized Tax Payments

as prescribed herein to the City in lieu of real property and personal property taxes and assessments of every kind and nature which would now or hereafter otherwise be levied upon the Project Taxable Properties.

(b) The City shall send to the Corporation and the Project Owner, annually in the month of July a statement setting forth its calculation of the Stabilized Tax Payment for the then current year. This annual statement for Stabilized Tax Payments will cover the period from January 1 through December 31 during each year of this Agreement. Payments due to the City, pursuant to the terms of this Agreement, may be made in either a lump sum or in equal quarterly installments. If quarterly payments are to be made, they shall be due on the same dates that quarterly taxes are due for all other taxpayers in the City.

(c) Stabilized Tax Payments not made by the Project Owner on or before the due date shall be subject to interest and penalties as authorized by §44-5-8 of the RIGL. Failure to receive a tax bill shall not relieve the Project Owner of its obligation to make the Stabilized Tax Payments hereunder. If for any reason the Project Owner does not receive an appropriate tax bill, the Project Owner shall have the responsibility and obligation to make reasonable inquiries to the City in order to have such a tax bill issued and thereafter to make payment of the same no later than the due dates provided herein. Stabilized Tax Payments hereunder shall be made by the Project Owner directly to the City.

(d) The liability for Stabilized Tax Payments due and owing under this Agreement shall constitute an obligation of the Project Owner, and the City shall be granted by the Corporation and the Project Owner a first lien on the Project Taxable Properties, which lien shall be of the same priority and entitle the City to the same foreclosure remedy as the lien and foreclosure remedy provided under applicable laws and ordinances with respect to real property

and personal property taxes. The City agrees to provide the Corporation with the same notice that it provides to the Project Owner prior to exercising any foreclosure remedy available under the Agreement and the Corporation shall be entitled (but not obliged) to cure any default arising out of a failure to make Stabilized Tax Payments hereunder within ninety (90) days of the Corporation's receipt of notice of such default from the City.

(e) It is understood by the parties that Stabilized Tax Payments made hereunder are deemed by the City to be tax payments, and the Project Owner shall be entitled to all the rights and privileges of a taxpayer in the City. It is further understood and agreed that the City's sole and exclusive recourse to the Corporation for the payments hereunder is limited to the City's first lien on the Project Taxable Properties, however, nothing contained herein shall be construed to limit any right of the City to foreclose or take any other judicial proceeding available at law for the collection of taxes. Neither the State nor the Corporation shall be obligated to make the payments described in this Agreement. Neither the faith and credit of the State or of any political subdivision thereof is pledged to the payment of the obligations hereunder.

(f) The Project Owner shall be obligated to make the Stabilized Tax Payments due and owing under this Agreement as follows: (i) with respect to the Project Site as of the Commencement Date, and (ii) with respect to the Real Property Improvements, and Personal Property, subject to the next sentence, from and after December 31 of the calendar year in which the final Certificate of Occupancy is issued with respect to such Real Property Improvement. Real Property Improvements completed after any assessment date are subject to the payment of City taxes from the date the certificate of occupancy is issued or the date on which the new construction is first used for the purpose for which it was constructed, whichever is the earlier, prorated for the assessment year in which the Real Property Improvement is completed.

4. Covenants with Respect to the Project.

4.1 GTECH will file:

A. By October 31, 2003, an application for a Certificate of Approval with the Capital Center Commission to construct at least a 210,000 sq. ft. office building to serve as GTECH's world headquarters;

B. By March 15, 2004, an application for a foundation and pile permit with respect to the Project (provided the Certificate of Approval referred to in Paragraph A has been received by such date, and if not, as soon as possible after such Certificate of Approval has been received); and

C. By May 15, 2004, an application for a building permit with respect to the Project (provided the foundation and pile permit referred to in B has been received by such date, and if not, as soon as possible after such foundation and pile permit has been received).

4.2 GTECH will: (i) begin work on the foundation of the Project within forty-five (45) days of the receipt of the foundation and pile permit referred to in Section B; and (ii) begin construction of the Project within forty-five (45) days of the receipt of the building permit referred to in Section C.

4.3 GTECH will use its best efforts to cause the Project to be ready for occupancy, and GTECH will take occupancy, within twenty-four (24) months after all necessary permits and approvals from all applicable authorities have been received, and in any event, by December 31, 2006.

4.4 Notwithstanding anything to the contrary contained in this Section 4, GTECH shall not allow a delay in building and occupying the Project to extend beyond December 31, 2006, except as follows: (A) If any action or inaction on the part of the Capital Center Commission or other State or City agency, commission or other body (i) responsible for the issuance of permits and/or approvals relating to planning, building and/or occupancy of the Project, and/or (ii) with oversight over the planning, building

and/or occupancy of the Project, results in a material delay in the planning, building and/or occupancy of the Project, or (B) if for any cause beyond its reasonable control, including but not limited to, strike and labor disputes, accidents, invasion, riot, rebellion, civil commotion, insurrection, acts of terrorism against United States interests, armed conflict involving the United States Military, any act or judgment of any court granted in any legal proceeding, Acts of God such as fire, wind or lightning, explosion, act of government or faults or delays by subcontractors to provide service due to circumstances such as those cited above ("Force Majeure"); in such event, GTECH shall have automatically an extension beyond December 31, 2006 in which to build and occupy the Project, such extension to be equal to the number of days delay caused by the action or inaction on the part of the Capital Center Commission or other State or City agency, commission or other body or caused by a Force Majeure, provided that in no event shall GTECH allow a delay in building and occupying the Project beyond September 30, 2007.

5. Satisfaction of Obligations.

5.1 The City agrees that so long as the Stabilized Tax Payments are made by the Project Owner in accordance with the terms of this Agreement, the City shall, during the term of this Agreement, accept said payments in full satisfaction of the obligations of the Corporation and the Project Owner, as to the payment of any and all taxes to the City which would otherwise be levied upon or with respect to the Project Taxable Properties and any and all improvements, structures, facilities and personal property which may now exist or which may hereafter be placed or erected thereon or used therein for assessment purposes. Notwithstanding the foregoing and subject to the notice and cure provisions set forth in Section 5.2 hereof, this Agreement shall terminate (a) if GTECH shall default on

its covenants contained in Section 4 hereof or its obligations under this Agreement, or (b) if GTECH shall fail to employ at the world headquarters at least 500 full time equivalent active employees as defined in Section 42-64.5-2(7) for each year after calendar year 2008, or (c) if GTECH or an affiliate thereof ceases to use the Project Taxable Properties as an office building, or (d) if the Project Owner shall have defaulted under the Ground Lease and the Ground Lease is consequently terminated. The Project Owner will ensure that provision is made in the Ground Lease that the City shall be given notice of any default under the Ground Lease, which if not cured within any applicable grace period, would result in termination of the Ground Lease. Subsection (d) will not be applicable if the Corporation does not take title to the Project Site as contemplated by 42-64-20(c) of the Rhode Island General Laws.

5.2 In the event that GTECH shall default on its covenants contained in Section 4 hereof, or GTECH's obligations under this Agreement and provided that the City has otherwise complied with its obligations hereunder, the City shall provide GTECH written notice which shall specify the nature of the alleged default and those actions which the City believes to be reasonably necessary to cure such default. GTECH shall then have thirty (30) days to respond in writing setting forth its proposed method of cure for review and approval by the City. Upon the City's written response, GTECH shall have an additional sixty (60) days to implement said cure.

6. Assessments after Termination Date. Commencing on the Termination Date of this Agreement, Projects Owner's obligations to make payments of taxes or payments in lieu of taxes shall be based on the then current assessed value as of the Termination Date of all Project

Taxable Properties as determined by the Tax Assessor for the City in the same manner as the assessed value of other real and personal property is from time to time determined.

7. Employment Opportunities.

- (a) GTECH will conduct job fairs in the City in order to maximize employment opportunities at its world headquarters for City residents. GTECH shall liaison with the City to design and implement a system of posting existing job opportunities and new job opportunities in the future as normal attrition creates additional job opportunities for City residents.
- (b) GTECH shall use reasonable efforts to relocate one of its call service centers with 65 potential jobs (with 30-40% of those jobs being estimated to require bilingual language skills in English and Spanish) to the City, or contract for call services in cooperation with a Providence business to be newly created in cooperation with the Corporation, the City and GTECH. GTECH shall use reasonable efforts to hire, directly or indirectly, 75% of the workforce for the call service center from City residents.

8. Equal Opportunity Efforts.

- (a) Construction. GTECH shall make best efforts to award to Minority Business Enterprises as defined in Rhode Island General Laws, Section 31-14.1 ("MBE Act") no less than 10% of the dollar value of the construction costs for the Project (as determined in accordance with the rules and regulations promulgated pursuant to MBE Act). GTECH shall make best efforts to award to women business enterprises (WBE's) no less than 10% of the dollar value of the construction costs for the Project (as determined in accordance with Section 21-52 of the Code of

Ordinances of the City of Providence). GTECH will request the City MBE/WBE office to establish a list of qualified MBE/WBE companies in order to satisfy its MBE/WBE construction goals. In this manner, the City will assist GTECH 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 with the construction industry.

(b) Permanent Employment. In conjunction with its best efforts pursuant to Section 7(a) and its ongoing efforts to provide equal employment opportunity without regard to race, color religion, natural origin, sex, age or handicap, GTECH shall liaison with the City to assist in the recruitment of qualified minority, women, and handicap applicants for all employment positions.

9. "Buy Providence" Initiative. GTECH will use good faith efforts to ensure that construction materials are purchased from economically competitive and qualified vendors located in the City. In furtherance of this effort, GTECH will work with the City to develop a list of Providence vendors and subcontractors in order to create a preferred vendor list of qualified and economically competitive vendors for the construction of the Project. Furthermore, once GTECH's world headquarters are constructed, GTECH will use good faith efforts to conduct ongoing business with and provide preference to economically competitive and qualified, Providence businesses. In order to further that effort, GTECH will hold seminars upon passage with the Providence MBE/WBE office and the Providence Chamber of Commerce to inform the local economy of GTECH's business both at its world headquarters and abroad in

order to maximize the opportunities for Providence businesses to work with GTECH in providing on-going services, equipment and materials.

10. Community Education Efforts. The Corporation and GTECH will undertake an effort to improve the technology resources at thirty (30) educational facilities over the next ten (10) years to institute an after school advantage program at each facility under the terms and conditions GTECH has historically used in its existing after school advantage program. Said Program will begin on the Commencement Date.

11. Reporting. During the term of this Agreement GTECH shall periodically report to the City on its progress in complying with the provisions of this Agreement including, but not limited to, Sections 7, 8, 9 and 10 hereof. GTECH and the City shall mutually agree on the frequency, format and substance of such reports.

12. Resolution of Calculation Disputes. GTECH and the City agree that if GTECH or the Project Owner should dispute the annual calculation of the Stabilized Tax Payment, either party may appeal to the Corporation acting as mediator to resolve all such disputes. A decision by the Corporation on the appeal shall be conclusive and binding upon GTECH and the City. The foregoing provision applies only to calculation disputes and does not apply to the resolution of any disputes with respect to any other provision of this Agreement.

13 Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof. The parties hereto expressly acknowledge and agree that this Agreement has been entered into for the benefit of GTECH and shall be enforceable by GTECH directly against the parties hereto. This Agreement may only be modified or amended in writing and with the consent of the parties hereto. No oral modification shall be enforceable or effective.

14 Notices. All notices, certificates or other communications hereunder shall be deemed given when delivered or when mailed by certified mail, postage prepaid, to the following addresses (or to such other person as the parties may designate in writing from time to time):

If to: City of Providence
 City Hall
 Providence, Rhode Island 02903
 Attention: Director of Administration

Copy to: Joseph Fernandez
 City Solicitor
 City Hall
 Providence, Rhode Island 02903

If to: Corporation
 Rhode Island Economic Development Corporation
 West Exchange Street
 Providence, Rhode Island 02903
 Attention: Michael McMahon, Executive Director

Copy to: [Attorneys for EDC]

If to: Project Owner

Copy to: James J. Skeffington
 Edwards & Angell, LLP
 2800 Financial Plaza
 Providence, Rhode Island 02903

W. Mark Russo, Esq.
Ferrucci Russo, P.C.
49 Weybosset Street, 2nd Floor
Providence, RI 02903

15 Beneficiaries of Agreement: The parties acknowledge that all affiliates of GTECH that become Project Owners are third party beneficiaries of this Agreement and the obligations and benefits of this Agreement shall inure to the benefit of and be enforceable by all affiliates of GTECH that become Project Owners. It is expressly agreed that any purchaser of any or all of the Project Taxable Properties at a foreclosure or tax sale shall not be deemed a third party or other beneficiary of this Agreement. If GTECH's right of redemption or its title, or leasehold or other legal equitable ownership interests, to the Project Taxable Properties is terminated as a result of such foreclosure or tax sale, this Agreement shall be of no further force and effect.

16 Applicable Law. This Agreement shall be construed under the laws of the State of Rhode Island.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date set forth above.

CITY OF PROVIDENCE

By: _____

WITNESS:

RHODE ISLAND ECONOMIC
DEVELOPMENT CORPORATION

By: _____

WITNESS:

GTECH CORPORATION

By: _____

WITNESS:

ADLER POLLOCK & SHEEHAN P.C.

2300 Financial Plaza
Providence, RI 02903
Telephone 401-274-7200
Fax 401-751-0604 / 351-4607

175 Federal Street
Boston, MA 02110
Telephone 617-482-0600
Fax 617-482-0604
www.apslaw.com

June 26, 2003

**(HAND DELIVER AND VIA
REGULAR MAIL)**

Mark Russo, Esq.
Ferrucci Russo P.C.
49 Weybosset Street
Providence, RI 02903

Re: Rhode Island Economic Development Corporation/GTECH

Dear Mark:

I am enclosing my Secretary's Certificate certifying the approval of the GTECH Project by the Rhode Island Economic Development Corporation Board of Directors on April 28, 2003.

It is my understanding that you will deliver this Certificate, along with the attached Resolutions, to the City Council pursuant to the City Council Resolution authorizing the GTECH Tax Stabilization Agreement.

Thank you for your cooperation and attention on this, and if you have any questions or comments, please do not hesitate to call me.

Sincerely,



ROBERT I. STOLZMAN

RIS/ph
Enclosure

pc: Michael McMahon
Richard Reed
Andrew Hodgkin, Esq.
Joseph M. Fernandes, Esq.
R. Kelly Sheridan, Esq.
(all w/encs.)

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SECRETARY'S CERTIFICATE

I, Robert I. Stolzman, hereby certify that I am the duly elected and presently serving Secretary of the Rhode Island Economic Development Corporation and I further certify that attached hereto as Exhibit A and made a part hereof is a true and accurate copy of the Resolutions duly adopted in compliance with Title 42, Chapter 64 of the Rhode Island General Laws and the By-Laws of the Corporation by the Board of Directors of the Corporation at meetings of the Board of Directors duly convened and held on April 28, 2003, at which a quorum was present and acting throughout.

I further certify that such resolutions, as duly adopted by the Board of Directors of the Corporation, have not been altered, amended or rescinded and are still in full force and effect.

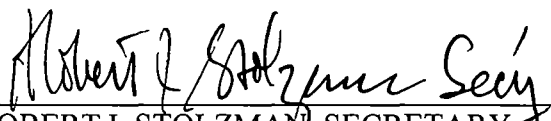
Also, attached hereto as Exhibit A-1 is a true, correct and complete copy of the Bylaws of the Rhode Island Economic Development Corporation which have not been rescinded, modified, or amended and are in full force and effect as of the date hereof.

As of the date hereof, the persons listed below hold the offices reflected opposite their respective names.

Chairman of the Board
Vice Chairman
Executive Director
Treasurer
Secretary

Governor Donald L. Carcieri
Frank Montanaro
Michael McMahon
Keith Stokes
Robert I. Stolzman, Esq.

IN WITNESS WHEREOF, I hereby execute this certificate as of the 25 day of June, 2002.



ROBERT I. STOLZMAN, SECRETARY

RESOLUTIONS OF THE BOARD OF DIRECTORS OF
THE RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

April 28, 2003

(With respect to the GTECH Project)

P R E A M B L E:

WHEREAS, GTECH Corporation ("GTECH") is a provider of video lottery and other computer services worldwide and has its corporate headquarters and manufacturing facilities in West Warwick, Rhode Island; and

WHEREAS, to induce the relocating of GTECH's corporate headquarters to Providence, Rhode Island and the retention of its manufacturing facilities in West Greenwich, Rhode Island and to further induce GTECH to invest \$100,000,000 in the construction, development, outfitting and upgrading of such facilities, the Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") takes the actions herein to declare the GTECH corporate headquarters relocation and the West Warwick manufacturing facility renovations a project of the Corporation.

NOW, THEREFORE, the Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") hereby resolves as follows:

VOTED: The Corporation, acting by and through its Chairman, Vice Chairman and/or Executive Director, each of them acting singularly and alone (the "Authorized Officers"), hereby is authorized and directed to enter into, execute, deliver and perform certain agreements including but not limited to development agreements, leases, subleases and contracts with GTECH and its affiliates such that GTECH shall relocate its corporate headquarters to Providence, Rhode Island and renovate its West Warwick facility for manufacturing (the "Project").

VOTED: That with respect to the Project the Corporation hereby makes, acknowledges, determines and finds that:

1. The acquisition, construction and operation of the Project will prevent, eliminate, reduce unemployment in the State of Rhode Island and will generally benefit the economic development of the State of Rhode Island.
2. Adequate provision has been made or will be made for the payment of the cost of the acquisition, operation and maintenance and upkeep of the Project.
3. With respect to real property forming a portion of the Project, the plans assure adequate light, air, sanitation and fire protection.

4. The provisions of Chapter 46-23 of the General Laws of Rhode Island, 1956, as amended, are not applicable.

5. The Project is in conformity with the applicable provisions of the State guide plan.

6. The Corporation confirms for the purposes of the exemption from taxation and assessments upon or with respect to the Project and sections (1) or (b) of Section 42-64-20 of the Rhode Island General Laws, 1956, as amended, that the use of such tax exemption for at least \$100,000,000 of total expenditures, both taxable and non-taxable, for the Project by GTECH, or any subsidiary, subtenant or affiliate thereof is in the best interest of the Corporation and further determines hereby that it may not hold title to all or a portion of the Project and that the Project is a "project" of the Corporation pursuant to R.I.G.L. §42-64-3(p) and that it is in the best interest of the Corporation and the Project that legal title be held by a lessee or sublessee of the Corporation.

7. The Corporation determines and confirms that a portion of the Project as reflected more precisely in a development agreement to be entered into between the Corporation and GTECH, and including such items as construction materials, furniture, fixtures, equipment, computers, software and personal property other than consumables not of a capital nature, shall be exempt from taxation to the same extent as if legal title to such portions of the Project which are not owned or held in the name of the Corporation were in fact owned or held in such manner and such exemption from taxation shall be for a term not to exceed the term of bonds of the Corporation issued in connection with the project and commencing this date.

8. All such findings, determinations, acknowledgements and positions of the Corporation with respect to the Project are based upon and made in order to reduce potential liability or cost to the Corporation and to benefit the people of the State of Rhode Island.

VOTED: That the Corporation is authorized and empowered to prepare and publicly release an analysis of the impact the Project may have on:

- (A) the industry or industries in which the completed project will be involved;
- (B) state fiscal matters, including the state budget (revenues and expenses); and
- (C) the financial exposure of the taxpayers of the state under the plans for the Project and negative foreseeable contingencies that may arise therefrom.

VOTED: That the Project documents authorized hereby are necessary, desirable and in the best interest of the Corporation with respect to the furtherance of the Project, and, as such, each of the Authorized Officers is hereby directed, authorized, empowered to arrange for, secure, prepare or cause to be prepared, execute, perform and deliver in the name and on behalf of the Corporation the Project documents and/or all related and ancillary agreements and documents in connection with the Project including but not limited to any and all development agreements, deeds, leases, agreements, transfer agreements, assumption agreements, promissory notes, trusts, indentures, financing statements, assignments of leases and rents, declarations, modifications, renewals, variations thereof, easements, licenses, all upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing the use of the same shall determine to be necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That with respect to the Project and the Project documents, any and all actions taken by the Corporation in furtherance of such Project and Project documents, taken at any time prior to the effective date hereof, such actions be and they hereby are, authorized, ratified, confirmed and approved.

VOTED: In connection with any and/or all of the above resolutions, the taking of any action, the execution and delivery of any instrument, document or agreement by any of the Authorized Officers, or the execution and delivery of any statement by the Chairman or Vice Chairman of the Corporation in connection with the implementation of the Project and the Project documents, or the implementation of any or all of the foregoing resolutions shall be conclusive of such Authorized Officer's or Chairman's or Vice Chairman's determination that the same was necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That the Authorized Officers of the Corporation be, and each of them hereby is, authorized, empowered, and directed in the name and on behalf of the Corporation, each of them acting singularly and alone, to take or cause to be taken all such actions, pays such fees and expenses, and sign, execute, verify, acknowledge, certify to, file and deliver all such instruments, documents and agreements as such Authorized Officers, each of them acting singularly and alone, taking or causing such action to be taken determines to be necessary, desirable and appropriate and in the beset interest of the Corporation in order to comply with and otherwise effect the intent of the foregoing resolutions.

VOTED: That the Secretary of the Corporation is hereby authorized, empowered and directed to attest to the execution and delivery of any agreement, document or other instrument contemplated by any of the foregoing resolutions or as directed by either or all of the Authorized Officers.

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RHODE ISLAND PORT AUTHORITY
AND ECONOMIC DEVELOPMENT CORPORATION

BY-LAWS

Article I

OFFICERS

1. Number. The officers of Rhode Island Port Authority and Economic Development Corporation shall be the Chairman, the Vice-Chairman, the Executive Director, the Secretary and the Treasurer. The Board of Directors may from time to time appoint such additional officers as it shall deem appropriate.

2. Appointment and Term. The Chairman of the Economic Development Council shall serve as chairman of the Corporation. The Chairman shall designate a Vice-Chairman who shall serve at the pleasure of the Chairman. The Director of the Department of Economic Development shall serve as the Executive Director of the Corporation. All other officers of the Corporation shall be appointed by and shall serve at the pleasure of the Board of Directors.

3. Authority and Duties. (a) Chairman. The Chairman shall supervise and conduct the business and affairs of the Corporation. The Chairman shall preside at meetings of the Board of Directors and shall exercise the powers and perform the duties set forth in these By-Laws and such other duties as usually devolve upon the presiding officer of a deliberative body.

(b) Vice-Chairman. In the absence of the Chairman, the vice-Chairman shall perform the duties of the Chairman. The vice-Chairman shall perform such further duties as shall be from time to time assigned to him by the Chairman.

(c) Executive Director. The Executive Director shall be the principal executive officer of the Corporation and shall, subject to the supervision of the Board of Directors, supervise and conduct the business and affairs of the Corporation.

(d) Secretary. The records of all business transacted at each meeting shall be kept under the direction and supervision of the Secretary. The Secretary shall have such further powers and shall perform such further duties as shall be assigned to him by either the Chairman, the Vice-Chairman or the Board of Directors.

(e) Treasurer. The Treasurer shall be responsible for and shall keep all financial reports and records and other financial documents of the Corporation. The Treasurer shall have such further powers and shall perform such further duties as shall be from time to time assigned to him by the Chairman, the Vice-Chairman or the Board of Directors.

4. Signing of Instruments. All contracts, instruments, and other documents shall be executed by the Chairman or the Vice-Chairman on behalf of the Corporation unless other provision shall be made by special vote of the Board of Directors or shall

) required by law.

Article II

MEETINGS

1. Place of Meetings. All regular and special meetings of the Board of Directors shall be held at such place within or without the State of Rhode Island and at such time as shall be stated in the notice of such meeting.

2. Regular Meetings. The Board of Directors shall hold regular meetings at least once in each calendar quarter at the call of the Chairman or Vice-Chairman.

3. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called by the Chairman, Vice-Chairman or the Executive Director. The Chairman or Vice-Chairman shall be required to call a special meeting upon the written request of two members of the Board of Directors at a time not later than fourteen days after receipt by the Chairman or Vice-Chairman of such request. Any such request shall state the purpose or purposes of the proposed special meeting. [AS amended January 26, 1976]

4. Notice of Meetings. Written notice of each meeting, whether regular or special, stating the place, day and hour of the meeting, and a copy of the agenda for such meeting, or in the absence of such agenda a written statement of the purpose or purposes of the meeting, shall be given by or at the direction of Chairman, the Vice-Chairman or Secretary, to each member of [As amended January 26, 1976]

the Board of Directors by depositing the same in the United States mail, postage prepaid, not later than the seventh day prior to the date of such meeting. If the Chairman or Vice-Chairman shall determine that the holding of a meeting is of an emergency nature, such notice may be given by telegram sent to each member, not less than twenty-four hours prior to such meeting or by actual delivery of such notice to each member not less than twelve hours prior to such meeting. em

5. Quorum. Five members of the Board of Directors shall constitute a quorum. If a quorum is not present, the members of the Board of Directors then present shall have the power to adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum shall be present. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called. If the adjournment is for more than ten days, a notice of the adjourned meeting shall be given to each member of the Board of Directors. Except as otherwise provided in §42-61-13 of the Rhode Island Port Authority and Economic Development Corporation Act, any action to be taken by the Corporation may be authorized by resolution approved by a majority of the members of the Board of Directors present at any regular or special meeting at which a quorum is present.

6. Waivers of Notice. Whenever any notice is required to

be given to a member of the Board of Directors under the provisions of the laws of Rhode Island or of these By-Laws, a waiver thereof in writing, signed by the member or members entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a member of the Board of Directors at a meeting shall constitute a waiver of notice of such meeting, except when the member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

7. Agendas. Except as hereinafter specifically provided, the agenda for each meeting of the Board of Directors shall be prepared by the Executive Director and approved by the Chairman or Vice-Chairman. The Executive Director shall include in any such agenda any matter which the Board of Directors has previously voted to include thereon, and any item requested by a member of the Board of Directors, in writing, delivered to the Executive Director or the Chairman, not less than ten days prior to the date of any such meeting. With the consent of a majority of the members of the Board of Directors, a matter not on the agenda may be considered at any regular or special meeting of the Board of Directors.

8. Chairman's Delegate. If the Chairman shall be unable from time to time to attend meetings of the Board of Directors,

he shall be entitled to designate a delegate who shall attend on his behalf. Such delegate shall not be entitled to vote on matters before the Board of Directors, shall not be considered to be a director for purposes of establishing a quorum, and shall not exercise the powers conferred upon the Chairman. Such designation shall be communicated to the Board of Directors from time to time by the Chairman and shall be revocable at the pleasure of the Chairman.

9. Public Meetings. All meeting of the Board of Directors shall be open to the public and all records shall be a matter of public record except that if a majority of the Board of Directors decides that it would be in the best interests of the Corporation and the State of Rhode Island to hold an executive session in private, then the Board of Directors is authorized to transact such business as it deems necessary at such executive session in private, then the Board of Directors is authorized to transact such business as it deems necessary at such executive session in private and the record thereof shall not become a matter of public record until the transaction discussed has in the opinion of the Board of Directors been completed. The Board of Directors may from time to time promulgate such reasonable rules and regulations as it determines may be desirable respecting the conduct of public meetings and the attendance of the press and the public thereat.

Article III

COMMITTEES

The Board of Directors may establish such committees as it seems necessary for the proper carrying out of its functions. The Board of Directors shall determine the size and purpose of each such committee. Members of each such committee and the chairman thereof shall be appointed by the Chairman or Vice-Chairman to serve until the next succeeding January 31 and thereafter until their respective successors are appointed. Any vacancy on a committee resulting from death, resignation or otherwise shall be filled by the Chairman or Vice-Chairman for the unexpired portion of the term. Minutes of the meetings of each committee shall be prepared and shall be filed promptly with the Secretary. Each committee shall report from time to time to the Board of Directors with respect to its actions.

Article IV

INDEMNIFICATION

The Corporation shall indemnify any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in the manner and to the extent provided in §7-1.1-4.1 of the Rhode Island Business Corporation Act.

Article V

CONFLICTS OF INTEREST

It shall not be or constitute a conflict of interest for a director, officer or employee of any financial institution, investment banking firm, brokerage firm, commercial bank or trust company, building-loan association, architecture firm, insurance company or any other firm, person or corporation to serve as a director of the Corporation. If any director, officer or employee of the Corporation shall be interested either directly or indirectly, or shall be a director, officer or employee of or have an ownership interest (other than as the owner of less than one percent of the shares of a publicly-held corporation) in any firm or corporation interested directly or indirectly in any contract with the Corporation, such interest shall be disclosed to the Corporation and set forth in the minutes of the Corporation, and the director, officer or employee having such interest therein shall not participate on behalf of the Corporation in the authorization of any such contract.

Article VI

SEAL

The seal of the Corporation shall be in the form of a circle with the words "Rhode Island Port Authority and Economic Development Corporation - 1974." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Article VII

AMENDMENT

1. Amendment by Unanimous Consent. These By-Laws may be amended, suspended or altered at any time, without notice, by unanimous consent of all the members of the Board of Directors.

2. Other Amendment. These By-Laws may be altered, amended or repealed and new By-Laws may be adopted at any regular or special meeting of the Board of Directors by an affirmative vote of the majority of the members of the Board of Directors; provided, however, that notice of any such proposed alteration, amendment, repeal or adoption of new By-Laws and the full text of the same shall accompany the notice of such meeting.