

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 1996-1**No. 1 AN ORDINANCE**

ESTABLISHING A TAX STABILIZATION PLAN FOR THE PROVIDENCE PLACE MALL AND ESTABLISHING COMMUNITY REINVESTMENT PAYMENTS FOR THE CITY OF PROVIDENCE TO BE PAID BY PROVIDENCE PLACE GROUP, AS AMENDED.

Approved January 10, 1996

Be it ordained by the City of Providence:

WHEREAS, Providence Place Group (PPG") and The Rhode Island Economic Development Corporation, formerly the Rhode Island Port Authority and Economic Development Corporation ("Corporation") entered into an Amended and Restated Development Agreement dated August 22, 1994, as amended in November, 1994 and as further amended on December 23, 1994 (the "1994 Agreement") relating to the development and construction of the Providence Place super regional shopping center (the "Shopping Mall") and a parking garage to be constructed beneath and adjacent to the Shopping Mall (the "Garage"); and

WHEREAS, the Corporation has requested, and PPG is considering, a restructuring of the transaction as previously contemplated by the 1994 Agreement, pursuant to which (a) the Corporation will acquire and own the fee to or certain air rights over the land as described on Exhibit I attached hereto and shown on a survey entitled "Plan of Land in Providence, Rhode Island Surveyed for Providence Place, surveyed and drawn by Marrier Surveying Inc. Scale 1"=40' May, 1990, revised May, 1995 (the "Survey") on and in which the Shopping Mall and the Garage are to be built (such fee interest and air rights are hereinafter referred to as the "Site"); (b) the Corporation will ground lease the Site to PPG (the "Ground Lease"), and PPG will construct thereon the Shopping Mall, the Garage, and together with the State will construct or caused to be

constructed certain appurtenances thereto (the Shopping Mall and other improvements are collectively called, the "Project"); (c) PPG will retain title to the Project in its own name or that of a nominee; and (d) PPG will enter into an agreement with the Economic Development Corporation (the "EDC") pursuant to which the EDC will lease 500 parking spaces for high occupancy vehicles in the Garage and will commit to invest a portion of the sales tax receipts from Providence Place Mall in the Project (the "Public Investment and HOV Agreement"); the Corporation and PPG are currently finalizing the terms of such restructuring and if such negotiations are successful, they will enter into an agreement memorializing the same and replacing the 1994 Agreement (the "1995 Agreement"), and the General Assembly has enacted Chapter 400 of the Public Laws of 1995 (the "Legislation") approving and authorizing certain aspects of the Project, including authority for the Corporation and the City to enter into the Tax Treaty Agreement (as hereinafter defined) with PPG; and

WHEREAS, the City, the Corporation and PPG wish to enter into a tax treaty agreement with respect to all real and personal property taxes or payments in lieu of taxes which relate to the Project substantially in the form attached hereto as Exhibit II (the "Tax Treaty Agreement"); and

WHEREAS, upon taking effect of this Ordinance authorizing the Tax Treaty Agreement, it shall be deemed to supersede the City Council's authorization pursuant to Ordinance No. 1995-22, approved on October 11, 1995, of a similar agreement with the Corporation and PPG with respect to the Shopping Mall; and

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

- (a) The Tax Treaty Agreement is in the public interest; and
- (b) The Legislation provides that the City, the Corporation, and PPG may make an agreement with respect to all real and personal property taxes or payments in lieu of real and personal property taxes from the Project;
- (c) The Community Reinvestment Payment to be received by the City pursuant to the Tax Treaty Agreement in the amounts and times set forth in Schedule B to the Tax Treaty Agreement will assist the City in fulfilling its mission and obligations to its residents;

(d) The \$925,000 fees and license payments to be received on or before June 30, 1996; and

(e) The payments made pursuant to the Tax Treaty Agreement are in an aggregate amount which will enable the City to stabilize the amount of taxes that would be paid on account of property used for retail and commercial purposes and located in the City and are in the public interest.

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 Treaty Agreement with the Corporation and PPG for a stated term of thirty (30) years, or such lesser term as shall be effected by the terms of the Tax Treaty Agreement in a form substantially similar to Exhibit II attached hereto, is hereby authorized and approved.

Section 3. If this Ordinance or any part of this Ordinance conflicts or is inconsistent with any then existing Ordinance, including, but not limited to, Ordinance 21-129, the provisions of this Ordinance shall govern.

Section 4. This Ordinance shall take effect only upon the occurrence of the following events (1) the execution and delivery of the 1995 Agreement substantially in the form reviewed by the City Solicitor on the date hereof and the other documents referred to therein by the parties thereto and their taking effect, i.e. as set forth in Sections 5 and 6; and (2) the execution and delivery of the Ground Lease, the Public Investment and HOV Agreement, the Restoration Guaranty and the Garage Lease, and upon taking effect, this Ordinance shall supersede the aforementioned Ordinance No. 1995-22.

Section 5. The Mayor is hereby authorized to execute the Tax Treaty Agreement contingent upon:

1. All approvals have been granted by the Economic Development Corporation and any other State entities required to give passage prior to signing the state agreement, and
2. All documents relative to the state agreement, including but not limited to, the Development Agreement and all exhibits, are executed by all parties, and

3. The Tax Treaty Agreement has been executed by Providence Place Group and the Economic Development Corporation.

Section 6. If, subsequent to second passage, any aspect of the state agreement or any exhibits are altered in a manner that affects the Tax Treaty Agreement in any way, this Ordinance is null and void unless said change is approved by the City Council.

EXHIBITS TO ORDINANCE

- | | | |
|------------|---|----------------------|
| Exhibit I | - | Description of Site |
| Exhibit II | - | Tax Treaty Agreement |

IN CITY COUNCIL
Dec. 28 1995
 FIRST READING
 READ AND PASSED
Michael R. Clement CLERK

IN CITY
 COUNCIL
 JAN 4 1996
 FINAL READING
 READ AND PASSED
Evelyn V. Fargnoli PRESIDENT
Jan M. Angelone CLERK

APPROVED
 JAN 10 1996
Harold A. Crandall
 MAYOR

EXHIBIT II TO ORDINANCE
ESTABLISHING A TAX STABILIZATION PLAN
TAX TREATY AGREEMENT FOR
THE PROVIDENCE PLACE PROJECT

THIS AGREEMENT made and entered into as of the ____ day of _____, 1996 by and among the City of Providence, Rhode Island (the "City"), The Rhode Island Economic Development Corporation (the "Corporation") and Providence Place Group, a limited partnership organized under the laws of the State of New York, its successors and assigns ("PPG").

W I T N E S S E T H:

WHEREAS, pursuant to Chapter 400 of the Public Laws of 1995, the Rhode Island General Assembly has authorized the City and the Corporation to execute a tax treaty agreement with PPG with respect to all real and personal property taxes or payments in lieu of such taxes which relate to the Project (as hereinafter defined) (the "Legislation"); and

WHEREAS, the City has authorized and approved the form of this agreement pursuant to Ordinance No. ____, Chapter 1995-__ (the "PPG Tax Ordinance"); and

WHEREAS, PPG and the Corporation have entered into an "Agreement relating to the Providence Place Mall" dated _____, 1995 (the "1995 Agreement"), with respect to the development and construction of the Project to be located on the Site (as defined in the Ordinance), which agreement supersedes an Amended and Restated Development Agreement dated August 22, 1994, as amended, by and among the parties with respect to the Site and the Project;

WHEREAS, representatives of the City, PPG and the Corporation have met and discussed proposed terms of a tax treaty agreement related to the Site, the Project and the Personal Property (as hereinafter defined);

WHEREAS, PPG, the Corporation and the City desire to fix and stabilize the level of payments of taxes or payments in lieu of taxes to be made with respect to the Site, the Project and the Personal Property;

WHEREAS, this Agreement contains all the terms and conditions of such agreement relating to payments of taxes or payments in lieu of taxes to be made with respect to the Site, the Project and the Personal Property.

NOW, THEREFORE, in consideration of the mutual agreements, understandings and obligations set forth herein, the City, the Corporation and PPG hereby agree as follows:

1. Providence Place.

PPG intends to develop and construct on or within the Site (i) an enclosed shopping mall consisting of no less than 900,000 square feet and no more than 1,300,000 square feet of gross leasable area (the "Shopping Mall"), together with personal property and fixtures constituting leasehold improvements to the Shopping Mall and inventory ("Personal Property") to be owned and/or leased by tenants and business entities located within the Shopping Mall for commercial, retail and/or restaurant purposes, but excluding any office building or other commercial property described as additional property in Section 12, (ii) a partially enclosed parking garage with approximately 4,000 spaces (the "Garage") beneath and adjacent to the Shopping Mall, all to be constructed by PPG; and (iii) certain other appurtenances, including without limitation the aerial pedestrian bridge connecting the Shopping Mall to the Convention Center Complex. (Pursuant to the Legislation, the State is responsible for funding the design, permitting and construction of certain pedestrian infrastructure improvements included in the Project including the aerial pedestrian bridge described herein. The State, at its option, may undertake these improvements itself or pay PPG to undertake them.) All of the real property listed in clauses (i), (ii) and (iii) hereof are collectively referred to hereinafter as the "Project".

2. Consideration.

(a) As consideration for and to induce the City to enter into this Agreement and to accept the payments hereunder in full satisfaction of any and all taxes or payments in lieu of taxes that might otherwise be levied or assessed by the City on the Site, Project or the Personal Property, PPG shall pay Nine Hundred Thousand Dollars (\$900,000) to the City on or before June 30, 1996. The City agrees that such payment shall represent full payment for any and all fees or expenses that can or would be charged

to PPG or the Anchor Tenants (as defined in the 1995 Agreement) by the City's fire and building officials in connection with the construction of the Project and the Anchor Tenants' stores or other improvements to the Site by PPG or the Anchor Tenants, provided, however, such payment shall not include any fees or expenses payable by tenants other than the Anchor Tenants for construction of individual stores.

(b) PPG agrees to pay on or before June 30, 1996, \$25,000 in full and complete payment for the ordinary and customary fees imposed by the City and presently in effect in connection with construction of the Project not referred to in (a) above, including, without limitation, permit, filing and inspection fees, signage permits and fees, fees for accepting the dedication of any streets and sidewalks, street and sidewalks rentals or opening or closing fees, fees for temporary street closings (whether by Council resolution or administrative action), curb cut fees, temporary construction easements or licenses, (but excluding the cost of any police details).

3. Payments. On behalf of the Corporation, and of all the owners, tenants and users of all or any portion of the Site, Project or the Personal Property, PPG shall pay the amounts shown in the column titled "Base Annual Tax Payment" on Schedule A (the "Tax Payments") in the manner set forth herein, in lieu of all taxes that could be levied on the Site, Project or the Personal Property by the City. For the first twenty years in which payments are to be made hereunder, PPG shall pay 100% of each of the Tax Payments directly to the lender or lenders (as designated from time to time by PPG or its successor) which are providing the original or subsequent financing or refinancing of the Project. For the last ten years in which payments are to be made hereunder, PPG shall pay (i) ten percent (10%) of each of the Tax Payments directly to the City Collector, to be deposited in the City's general fund and (ii) ninety percent (90%) of each of the Tax Payments directly to the lender or lenders (as designated from time to time by PPG or its successor) which are providing the original or subsequent financing or refinancing of the Project, as long as the principal and interest owed by PPG or its successor with respect to such financing or refinancing of the Project on a given payment date is equal to or greater than the Tax Payment amount to be applied thereto. If the principal and interest owed by PPG or its successor with respect to the financing or refinancing of the Project on a given

payment date shall be less than the Tax Payment amount referred to above, only the amount actually owed to Project lenders on the payment date in question shall be applied thereto, and PPG shall pay the remainder of the Tax Payment in question to the City Collector, to be deposited in the City's general fund. On the earliest date on which the principal and interest owed by PPG or its successor with respect to the financing or refinancing of the Project shall be reduced to \$0, this Agreement shall terminate in accordance with Section 11(b)(iv) hereof.

The portion of the Tax Payments to be paid to the City representing payments of taxes or in lieu of taxes upon or in respect of the Site, Project and the Personal Property as provided in this Section 3 shall be made semiannually, on December 31 and June 30 of each year in which the City is entitled to such payments. No taxes shall be due or payable with respect to the Site, Project or the Personal Property prior to December 31, 1998. The City shall, within thirty days following receipt of (1) its share of a Tax Payment for any six-month period, if any, and (2) a copy of a confirmation from any designated lender of its receipt of the amount paid to such lender for such six-month period, send to PPG a written acknowledgment that such Tax Payment (or portion thereof, as the case may be) has been paid. The financing or refinancing documents to which the Tax Payments are to be applied shall provide that each lender thereunder shall provide a confirmation to the City of its receipt of such amounts to enable the City to make such acknowledgment as provided in the preceding sentence. The liability for all payments due and owing under this Agreement shall constitute a full faith and credit obligation of PPG (but shall not include recourse to any individual partners thereof), and the City shall be granted by PPG a first lien on the Project and a first lien on the Personal Property, which lien shall be provided to insure that the City's right and priority to foreclose on such property is no less than those rights and priority of foreclosure provided under applicable laws and ordinances if taxes were being paid to the City thereon.

It is understood by the parties that payments made under this Section 3 are deemed by the City to be tax payments, and PPG (and all tenants and owners of space within the Project) shall be entitled to the rights and privileges of a taxpayer in the City. It is further understood and agreed that the City's recourse to the Corporation for the payments

hereunder are limited to the City's first lien on the Project and the Personal Property as described above. Upon termination of this Agreement for any reason, to the extent the Corporation holds title to any portion of the Project or the Personal Property, the Corporation acknowledges the importance to the City that the Project be subject to property taxation to the fullest extent feasible, and the Corporation shall cooperate with the City and agrees to use reasonable and diligent efforts to sell or lease the Project and any such Personal Property as soon as possible so that taxes will again be payable to the City under applicable laws and ordinances. Prior to such sale or lease of the Corporation's interest in the Project and the Personal Property the Provisions of R.I.G.L. 42-64-20 shall apply, and the City shall receive payments in lieu of real property taxes as provided thereunder. To this end, if the Corporation shall have held title to the Project for three months and the Project and the Personal Property shall not have been sold or leased to an entity which agrees or is required to pay taxes or payments in lieu of taxes under all applicable laws and ordinances, the Corporation shall establish an Advisory Committee to assist in the sale or lease of the Project. The Advisory Committee shall have nine members, three of whom shall be appointed by the Corporation. The remaining six members shall be the following officials of the City of Providence: the Mayor, the Director of Planning and Urban Development, the City Solicitor or his designee, the City Council President or his designee, the Chairperson of the City Council Finance Committee or designee and the Chairperson of the City Council Urban Redevelopment Committee or designee. So long as the Site is subject to the Ground Lease and the nominal rent thereunder, the Site shall not be subject to taxation.

Other than the payments required pursuant to R.I.G.L. 42-64-20, neither the State nor the Corporation shall be obligated to make the payments hereunder, and neither the faith and credit of the State or of any political subdivision thereof is pledged to the payment of the obligations hereunder.

4. Payment Adjustments. Each Tax Payment scheduled for the fiscal years 2019 through 2028 shall be adjusted higher to reflect any increase in the Consumer Price Index (CPI") over the immediately preceding calendar year. For example, the Tax Payment due for the fiscal year beginning July 1, 2021 shall be increased by an amount

EXHIBIT I

PROVIDENCE PLACE

That certain tract or parcel of land with all buildings and improvements thereon, situated on the southerly side of Hayes Street, westerly side of Francis Street, easterly side of Interstate Route 95, and the northerly side of the Civic Center Interchange, in the City of Providence, County of Providence, State of Rhode Island and delineated on that plan entitled "Plan of Land in Providence, Rhode Island, surveyed for Providence Place, surveyed and drawn by Marrier Surveying, Inc. Scale: 1"=40', May, 1990";

Beginning at the northwesterly corner of the herein described parcel said corner being sixty-three and 90/100 (63.90) feet westerly, on the extension of the southerly line of said Hayes Street, from the intersection of the southerly line of Hayes Street with the easterly line of Park Street;

thence S 85-20'-00" E, crossing said Park Street, a distance of sixty-three and 90/100 (63.90) feet to the intersection of the southerly line of said Hayes Street with the easterly line of Park Street;

thence S 85-20'-00" E along the southerly line of Hayes Street, a distance of four hundred fifty-eight and 71/100 (458.71) feet to a corner;

thence S 61-24'-44" E along the southwesterly line of said Francis Street, a distance of ninety-five and 52/100 (95.52) feet to a corner;

thence S 05-41'-29" W, a distance of one hundred five and 75/100 (105.75) feet to a point of curvature;

thence southerly bearing southeasterly along the arc of a curve having a radius of five hundred eight and 00/100 (508.00) feet, a distance of along said arc of forty-one and 86/100 (41.86) feet to a point of tangency;

thence S 00-58'-12" W, a distance of one hundred fifty-three and 25/100 (153.25) feet to a point of curvature;

thence southerly bearing southwesterly along the arc of a curve having a radius of four hundred ninety and 00/100 (490.00) feet, a distance along said arc of forty and 38/100 (40.38) feet to a point of tangency;

thence S 05-41'-29" W, a distance of four hundred ninety-one and 26/100 (491.26) feet to a point of curvature;

thence southerly bearing southeasterly along the arc of a curve having a radius of seven hundred fifty-five and 00/100 (755.00) feet, a distance along said arc of two hundred sixty-one and 37/100 (261.37) feet to a point of reverse curve, the last six (6) courses bounding easterly by said Francis Street;

calculated by multiplying the Tax Payment otherwise payable for such fiscal year by the percentage increase in the CPI for the period from January 1, 2020 through December 31, 2020 over the preceding year. For purposes of this Agreement, the CPI shall mean the Consumer Price Index All Items (1982-1984=100) as published by the Bureau of Labor Statistics of the United States Department of Labor. In the event such index ceases to be published, such comparable index shall be agreed upon between the City and PPG.

5. Total Payments. Except as specifically provided herein, the Project and the Personal Property owned by PPG or any tenant, user or any owner of space within the Project (and substitutions therefor or replacements thereof), shall not, during the period covered by Section 3 above prior to termination of this Agreement as provided herein, be liable to taxation, levy or assessment of any kind, direct or indirect, by the City (except for any uniform assessment for the planned Downtown Management District or any uniform assessment for the Fox Point Hurricane Barrier).

6. Option to Purchase Garage Interest. Not later than nine months before the end of the ninety-eighth year of the initial term of the Ground Lease, PPG shall notify the City of the impendence of and the City shall have the independent option to purchase a one-half interest in the Garage for nominal consideration at any time during the last year of the initial ninety-nine (99) year term of the Ground Lease, and provided that the City shall have, as conditions precedent to the transfer to it of such one-half interest, (i) agreed to and recorded the easements referred to in Section 2.3 of the Ground Lease between the Corporation and PPG referred to in the 1995 Agreement, (ii) executed a management contract with PPG or its designee which conforms to the applicable requirements of the Ground Lease and the 1995 Agreement, and (iii) executed an ownership agreement with PPG, the State or whichever entity is the owner of the other half interest in the Garage, providing for, among other things, appropriate mechanisms for resolution of any deadlock between the parties so that the operation of the Garage is not materially disrupted. In no case, shall the City have any financial responsibility for the Garage.

7. Additional Agreements of PPG and the Corporation.

(a) The Corporation and PPG agree to meet their respective obligations under the 1995 Agreement and related agreements described in the 1995 Agreement.

(b) PPG agrees that the Shopping Mall shall consist of a first-class regional shopping mall of not less than 900,000 square feet and no more than 1,300,000 square feet of gross leasable area, including space for not less than three Anchor Stores, and shall include at street level along Francis Street other retail shops and/or restaurants ("Street Level Retail").

(c) It shall be the goal of PPG 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 the MBE Act). It shall be a further goal 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). It shall be a further goal of PPG to achieve a minimum level of 10% for minority and 10% for female employment as measured by gross accumulated hours for trades people. The City's MBE/WBE Coordinator shall monitor compliance with this subsection.

(d) The State and City, in cooperation with PPG, shall develop a retail sales and management training program for prospective employees at the Shopping Mall, such program shall provide that residents of the City shall be given a preference in participating in the training program at the Shopping Mall subject to applicable federal, state and local laws. PPG will use its best efforts to publicize the training program and will encourage its tenants to consider applicants from the training program for permanent employment. Such efforts shall include, but shall not be limited to, including a statement in each tenant lease describing the training program and providing guidance as to procedures to obtain access to those who have successfully completed the training program.

(e) PPG will explore with the Providence Foundation, the Greater Providence Chamber of Commerce and the City the possibility of PPG taking a lead role in the establishment and operation of a Downtown Management District and use its best efforts to cause the establishment and operation thereof.

(f) For a five-year period beginning upon the opening of the Shopping Mall, PPG shall contribute 50 percent of the cost of a downtown advertising campaign, with an annual series of ads that strengthen the image of downtown as an employment, education, arts & entertainment center. PPG shall be required to provide the funds only if (i) the budget for such downtown advertising campaign is acceptable to PPG and the City and (ii) such funds are matched by the City from contributions from various parties and sources.

(g) PPG, the State, the City and RIPTA shall develop and implement plans for the operation of a shuttle bus linking Providence Place and historic downtown Providence, beginning at the time when the Shopping Mall opens. It is understood that the City shall have no financial obligation for such service. The intent is to provide this service for as many hours of the Shopping Mall's operation as economically feasible. The shuttle is intended to move downtown employees, users of the Garage and visitors to and from the Garage, and to transport such people from the Shopping Mall to shopping, entertainment and other destinations elsewhere in downtown Providence.

(h) PPG hereby agrees (i) to indemnify, defend and save the City, its officers, its servants, its employees, agents and representatives harmless from any and all loss, costs, liability, claims, damages, expenses and attorneys fees resulting from activities under the 1995 Agreement (including without limitation any claims of third parties in connection with any condemnation proceedings) and operation of the Site or the Project; (ii) maintain or cause to be maintained liability insurance naming the Corporation and the City as the additional insureds, which insurance shall comply with the requirements of the 1995 Agreement and the Ground Lease. Notwithstanding anything in the 1995 Agreement to the contrary, PPG shall indemnify and hold the City, its agents, servants, officers and employees harmless from any and all claims, losses, actions, causes of action, costs, charges, fees (including attorneys' fees), violations (including any administrative action for violation of any Federal, State or local law, statute, regulation, rule or ordinance brought by any quasi-governmental or governmental entity or any board, bureau, agency, department, division thereof), on account of the presence of any contaminant, or hazardous or toxic substance at or near the Project and/or Site; (iii) to indemnify, defend

and save the City, its officers, servants, employees, agents and representatives harmless from any and all loss, costs liability, claims, damages, expenses of litigation and attorney fees resulting from actions brought within 10 years of the execution hereof resulting from reliance upon the state statute enabling this Tax Treaty Agreement, the ordinance establishing a tax stabilization plan and the ordinance consenting to the condemnation of certain city property by the EDC and the granting of other easements. Notwithstanding anything herein or elsewhere to the contrary, the indemnification obligation of PPG hereunder shall survive the termination of this Agreement.

(i) PPG represents that the three original Anchor Tenants shall be:

Nordstroms, Lord & Taylor and Filene's. PPG acknowledges the importance of the prime retail Anchor Tenants to the City, and, accordingly, if due to circumstances beyond PPG's reasonable control, a substitution of one or more of the Anchor Tenants is required prior to completion of the Project, PPG may, with the consent of the Mayor of the City and the City Council, which consent shall not unreasonably be withheld, substitute one of the following stores for such Anchor Tenant: Saks, Neiman-Marcus, Jacobsons, Parisian, Bloomingdales, Dillards or Macys.

(j) PPG agrees that the Garage will always be operated and maintained as a first class parking facility with such amenities and security so as to attract retail customers. To this end, PPG covenants and agrees that the Garage will be operated such that all parking receipts generated by the Garage will be used in the following order of priority to repair and maintain the Garage as a first class facility, to provide for improvements, to provide security for all users and to pay financing costs of the Garage (up to \$5.7 million annually). In any case where parking receipts exceed expenses, parking and HOV rates will be reduced to make parking more attractive. After the City and/or the Corporation exercises their respective options to purchase an interest in the garage, it is not expected that parking receipts in excess of the expense of maintaining the Garage and reducing parking fees as set forth above will ever be generated. To the extent, however, that such excesses should be generated the City and the Corporation shall be entitled to such share of parking receipts as is commensurate with their respective interest in the Garage.

(k) PPG will provide within the Mall, at least three information stations that will advertise and promote the Civic Center, the Convention Center, downtown's restaurants; shops; arts, cultural and entertainment facilities; historical attractions, etc. The development and location of the information stations will be planned in conjunction with The Providence Foundation.

(l) The Mall may include a multi-screen cinema. PPG also agrees to work with the Coalition for Community Development and its membership to interest a national theatre operator in the development of a cinema in the Downcity area of Providence. Moreover, PPG agrees to contribute fifty percent of the equity required to develop such a Downcity cinema, up to a maximum equity contribution of \$2,000,000.

(m) PPG and the Corporation shall execute and deliver any additional documents reasonably necessary including, but not limited to, tax compliance and other certificates, (i) to evidence its obligations hereunder, or (ii) to comply with the provisions of the law of the State of Rhode Island pertaining to this Agreement.

8. Community Reinvestment. PPG agrees to pay to the City, in addition to and apart and separate from the amounts payable under Section 3 hereof, a Community Reinvestment Payment calculated as set forth hereinafter to be deposited in the City's General Fund.

a. Definitions. For purposes of this section 8, the following terms shall have the meaning described to them herein:

"Common Areas" means the total area within the Providence Place Mall that is not designed for rental to tenants but that is available for common use by all tenants or groups of tenants, their invitees and adjacent stores. Parking and appurtenances, malls, sidewalks, landscaped areas, public toilets, truck and service facilities, and the like are included in the Common Areas.

"Gross Sales" means the amount of gross sales made at Providence Place Mall in a calendar year as reported to and certified by the Tax Administrator of the State.

"Gross Leasable Area" means the total area in the Providence Place Mall that is leased to tenants and excludes all Common Areas.

"Square Foot Sales" equals Gross Sales divided by Gross Leasable Area.

- b. Calculation of Initial Payments. In each of the first full five calendar years of operation in which Square Foot Sales exceed \$400, PPG shall pay the City a Community Reinvestment Payment of \$200,000 within 30 days of the end of such calendar year.
- c. Additional Payments. For the sixth through thirtieth full calendar years of operation, PPG will pay the amounts and at the times described on Schedule B hereto including the footnotes to such schedule.

9. Specific Performance. In addition to (i) any other remedies which the City may have under law or equity and (ii) the termination rights of the City under Section 11 hereof, if PPG shall breach any of its obligations under this Agreement, the parties hereby agree that the City shall have the right to a remedy of specific performance to cure any such breach, and PPG hereby waives any right to claim that such specific performance remedy is inappropriate or unavailable to enforce its obligations hereunder if the City shall first have proven that PPG has breached its obligations hereunder. The parties hereby acknowledge that this Section 9 was added to this Agreement as bargained for consideration from PPG in lieu of more extensive termination rights in the City if this Section 9 were not included in this Agreement.

10. Effectiveness of this Agreement. This Agreement shall become effective only upon the occurrence of the following events: (1) the execution and delivery of the 1995 Agreement and the other documents referred to therein by the parties thereto and their taking effect; and (2) the execution and delivery by the parties thereto of the Ground Lease and Parking Garage Lease.

11. Termination of Agreement.

(a) PPG may terminate this Agreement by giving the City written notice of termination only under the following circumstances:

(i) if after completion of the Shopping Mall, PPG permanently shuts down or abandons the use of the Shopping Mall as a retail shopping mall as the result of an act of God, civil or military authority, civil disturbance, war, fire, actions of regulatory authorities or other catastrophe or similar occurrence beyond PPG's reasonable control.

(b) The City may terminate this Agreement upon delivery of written notice to PPG and the Corporation only under the following circumstances:

(i) the occurrence of any "Material Event of Default" under paragraphs (i), (ii), (iii), (iv), (v), (vi), (viii), (ix), (x), (xi), (xii) or (xiii) of Section 7.1(a) of the 1995 Agreement, subject, however, to the provisions of Section 7.3 of the 1995 Agreement and to the restriction that the only insurance cancellation, notice of cancellation, termination or expiration which shall give rise to a termination right in the City hereunder shall be with respect to insurance under which the City shall be entitled to be a named insured as provided in the 1995 Agreement and the Ground Lease; or

(ii) the 1995 Agreement or the Ground Lease is terminated for any reason, by any party thereto; or

(iii) PPG fails to pay to the City or to the lender designated by PPG pursuant to Section 3 any sum required to be paid by PPG hereunder when the same shall be due and payable and such failure shall continue for twenty (20) days after written notice from the City to the Corporation and PPG; or

(iv) the principal and interest owed by PPG or its successor with respect to the financing or refinancing of the Project shall be reduced to \$0.

(c) Notwithstanding the foregoing, any mortgagee of the Project or Anchor Tenant of the Shopping Mall shall have the right to cure any default giving rise to a right of termination under this Agreement in the manner provided in Section 7.3 of the 1995 Agreement.

(d) In the event of termination with respect to all or any part of the property covered hereunder, PPG shall make the payments required pursuant to Section 3 for the then current fiscal year, prorated as of the date of termination, but shall have no further obligations with respect to Tax Payments and the other matters covered hereunder. The City shall, after such termination, assess and collect taxes on such property under then applicable laws and ordinances.

(e) Notwithstanding anything to the contrary herein or elsewhere, the indemnification obligation of PPG set forth in Section 7(h) herein shall survive the termination of this Agreement without regard to the cause for such termination.

12. Additional Taxes or Payments. If PPG develops or constructs a commercial office building or any other commercial facility in addition to the Project and the Personal Property, either on the Site or off-Site, such property will be subject to property or other taxes on a regular tax basis, and shall not be covered by the terms of this Agreement.

13. Assignment.

(a) If the Project or any part thereof is sold or transferred or any interest in PPG is sold or transferred in accordance with provisions of the 1995 Agreement or approvals of PPG's financial lenders for the Project or otherwise, PPG shall provide written notice to the Mayor of the City and the President of the City Council at least 30 days prior to such sale. If the Project or any part thereof is transferred or sold, the agreements contained herein shall run with the part so sold and benefit the transferee who shall be bound by the provisions hereof. In each such case, PPG shall have no further obligations hereunder with respect to the part sold provided, however, such transferee has agreed in writing to be bound by the terms of this Agreement.

(b) In the event a portion of the Shopping Mall is sold to an Anchor Tenant as defined in the 1995 Agreement and such Anchor Tenant applies for a separate tax lot designation from the City's Tax Assessor, and such Anchor Tenant agrees under an agreement in writing to be bound by the terms of this Agreement with respect to such separate tax lot, then, notwithstanding anything herein to the contrary, the provisions hereof including, but not limited to, payments and default provisions, shall apply to such

Anchor Tenant with respect to its separate tax lot and payments of taxes thereon (determined, with respect to total payments owed under Section 3 hereof, on a pro rata basis or on any other basis mutually acceptable to the City, PPG and such Anchor Tenant). A default incurred by PPG under this Agreement shall not constitute a default hereunder with respect to an Anchor Tenant who is a party to this Agreement and is not in default of its payment obligations hereunder with respect to its separate tax lot. Any agreement entered into with an Anchor Tenant in accordance with the provisions herein shall include the right of PPG to cure a default by an Anchor Tenant under such agreement. Notwithstanding anything herein to the contrary, PPG shall remain liable, as set forth in Section 3, regardless of whether one or more Anchor Tenants with separate tax lots have also become independently bound by the provisions of this Agreement, provided, however, that the liability of PPG under such Section 3 shall be limited to the difference between the amount due pursuant to such Section 3 and any amount paid by an Anchor Tenant pursuant to an agreement entered into as provided in this Section 12(b).

14. Severability. In the event that any of the agreements, terms or provisions contained herein shall be deemed invalid, illegal or unenforceable in any respect, the validity of the remaining agreements, terms or provisions contained herein shall be in no way affected, prejudiced or disturbed thereby.

15. Validity and Enforceability. The validity and enforceability of this Agreement is expressly conditioned upon and subject to the approval of this Agreement by the City Council and execution by the Mayor on behalf of the City prior to March 1, 1996.

16. Expiration of Treaty-City Taxes. At the expiration or termination of this Agreement, the City shall assess taxes on the property subject to this Agreement under the then applicable laws and ordinances.

17. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties hereto with respect to the payment of taxes or payments in lieu of taxes with respect to the Site, the Project and the Personal Property and supersedes all prior understandings and agreements, both written and oral, between the parties with respect thereto. This Agreement shall not be amended or altered except in writing signed

by the parties hereto. This Agreement shall be governed by and construed under the laws of the State of Rhode Island.

IN WITNESS WHEREOF, the parties hereto by their duly authorized officials have executed this Agreement as of the day and year first above written.

Witness:

CITY OF PROVIDENCE

By: _____
Vincent A. Cianci, Jr.,
Mayor

PROVIDENCE PLACE GROUP

By: _____
J. Daniel Lugosch,
General Partner

THE RHODE ISLAND ECONOMIC
DEVELOPMENT CORPORATION

By: _____
Name: _____
Title: _____

ATTACHMENTS

Schedule A - Schedule of Tax Payments

Schedule B - Schedule of Community Reinvestment Payments

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In the City of Providence in said County on this ____ day of _____, 1996, before me appeared Vincent A. Cianci, Jr., to me personally known, who, being by me duly sworn, did say that he is the Mayor of the City of Providence, a municipality in the State of Rhode Island and that this Agreement was signed by him on behalf of the City of Providence, and he acknowledged that said Agreement was the free act and deed of said City of Providence and his free act and deed in his capacity as said Mayor.

Notary Public
My Commission Expires:

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In the City of Providence in said county on ____ day of _____, 1996, before me appeared J. Daniel Lugosch, to me personally known, who, being by me duly sworn, did say that he is the General Partner of Providence Place Group and that this Agreement was signed by him on behalf of Providence Place Group, and he acknowledged that said Agreement was the free act and deed of said Providence Place Group and his free act and deed in his capacity as said General Partner.

Notary Public
My Commission Expires:

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In the City of Providence in said county on ____ day of _____, 1996, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____ of The Rhode Island Economic Development Corporation and that this Agreement was signed by him on behalf of The Rhode Island Economic Development Corporation, and he acknowledged that said Agreement was the free act and deed of said Rhode Island Economic Development Corporation and his free act and deed in his capacity as said _____.

Notary Public
My Commission Expires:

thence southwesterly bearing westerly along the arc of a curve having a radius of thirty-six and 00/100 (36.00) feet, a distance along said arc of fifty-six and 50/100 (56.50) feet to a point of compound curve;

thence southwesterly bearing westerly along the arc of a curve having a radius of four hundred seventy-one and 00/100 (471.00) feet, a distance of two hundred seventy and 25/100 (270.25) feet to a point of compound curve;

thence westerly bearing northwesterly along the arc of a curve having a radius of four hundred seventy-one and 00/100 (471.00) feet, a distance along said arc of two hundred seventy-one and 35/100 (271.35) feet to a point of tangency;

thence N 38-20'-23" W, a distance of twelve and 18/100 (12.18) feet to a point of curvature;

thence northwesterly bearing northerly along the arc of a curve having a radius of four hundred seventy-one and 00/100 (471.00) feet, a distance along said arc of sixty-seven and 11/100 (67.11) feet to a point of curvature;

thence northerly bearing northeasterly along the arc of a curve having a radius of five hundred seventy-two and 00/100 (572.00) feet, a distance along said arc of three hundred fifty-seven and 65/100 (357.65) feet to a point of tangency, the last five (5) courses bounding on the Civic Center Interchange;

thence N 05-38'-56" E along the easterly line of said Interstate Route 95, a distance of three hundred fifty-two and 66/100 (352.66) feet to an angle;

thence N 07-31'-50" E, a distance of two hundred ninety-nine and 10/100 (299.10) feet to the point and place of beginning.

The above described parcel contains an area of seven hundred thousand two hundred fifty-nine (700,259) acres be the same more or less.

This Page is For Your Use.

TRAFFIC STATISTICS:

Worcester Mall: 9 traffic incidents

Braintree Mall "AREA": 171 traffic accidents

Emerald Mall: Unknown

(NOTE: Our mall will have on/off ramps leading directly into garage)

Schedule A

TAXES ASSESSED DECEMBER 31	FOR FISCAL YEAR	BASE ANNUAL PAYMENT IN LIEU OF TAX
1993	July 1, 1994 - June 30, 1995	\$ - 0 - *
1994	July 1, 1995 - June 30, 1996	\$ - 0 - *
1995	July 1, 1996 - June 30, 1997	\$ - 0 - *
1996	July 1, 1997 - June 30, 1998	\$ - 0 - *
1997	July 1, 1998 - June 30, 1999	\$3,500,000.00
1998	July 1, 1999 - June 30, 2000	\$3,500,000.00
1999	July 1, 2000 - June 30, 2001	\$3,500,000.00
2000	July 1, 2001 - June 30, 2002	\$3,500,000.00
2001	July 1, 2002 - June 30, 2003	\$3,500,000.00
2002	July 1, 2003 - June 30, 2004	\$4,700,000.00
2003	July 1, 2004 - June 30, 2005	\$4,700,000.00
2004	July 1, 2005 - June 30, 2006	\$4,700,000.00
2005	July 1, 2006 - June 30, 2007	\$4,700,000.00
2006	July 1, 2007 - June 30, 2008	\$4,700,000.00
2007	July 1, 2008 - June 30, 2009	\$4,700,000.00
2008	July 1, 2009 - June 30, 2010	\$4,700,000.00
2009	July 1, 2010 - June 30, 2011	\$4,700,000.00
2010	July 1, 2011 - June 30, 2012	\$4,700,000.00
2011	July 1, 2012 - June 30, 2013	\$4,700,000.00
2012	July 1, 2013 - June 30, 2014	\$4,700,000.00
2013	July 1, 2014 - June 30, 2015	\$4,700,000.00
2014	July 1, 2015 - June 30, 2016	\$4,700,000.00
2015	July 1, 2016 - June 30, 2017	\$4,700,000.00
2016	July 1, 2017 - June 30, 2018	\$4,700,000.00
2017**	July 1, 2018 - June 30, 2019	\$4,700,000.00
2018**	July 1, 2019 - June 30, 2020	\$4,700,000.00
2019**	July 1, 2020 - June 30, 2021	\$4,700,000.00
2020**	July 1, 2021 - June 30, 2022	\$4,700,000.00
2021**	July 1, 2022 - June 30, 2023	\$4,700,000.00
2022**	July 1, 2023 - June 30, 2024	\$5,900,000.00
2023**	July 1, 2024 - June 30, 2025	\$5,900,000.00
2024**	July 1, 2025 - June 30, 2026	\$5,900,000.00
2025**	July 1, 2026 - June 30, 2027	\$5,900,000.00
2026**	July 1, 2027 - June 30, 2028	\$5,900,000.00

Total

\$141,000,000.00

(Avg \$4.5 million per year)

* Construction period, no payments made.

** To be adjusted for CPI increase.

**Schedule Of Community
Reinvestment Payments**

Schedule B

Year	Annual Payment	Cumulative Total
1	0*	0
2	0*	0
3	0*	0
4	0*	0
5	0*	0
6	200,000	200,000
7	200,000	400,000
8	200,000	600,000
9	200,000	800,000
10	200,000	1,000,000
11	200,000	1,200,000
12	200,000	1,400,000
13	300,000	1,700,000
14	300,000	2,000,000
15	300,000	2,300,000
16	300,000	2,600,000
17	300,000	2,900,000
18	300,000	3,200,000
19	300,000	3,500,000
20	300,000	3,800,000
21	500,000	4,300,000
22	500,000	4,800,000
23	500,000	5,300,000
24	500,000	5,800,000
25	500,000	6,300,000
26	500,000	6,800,000
27	500,000	7,300,000
28	500,000	7,800,000
29	500,000	8,300,000
30	500,000	8,800,000

* Payment of \$200,000 will be made in any of the first five years of operation in which sales at The Providence Place Mall exceed \$400 per square foot. The total payable by PPG shall not exceed \$8.8 million, consequently, payments made during the first five years of operation will reduce the Additional Payments in years 29 and 30.

Fiscal Note

From B. Spinelli, Finance Director, as Reviewed by S. Woerner, Internal Auditor
December 27, 1995

Providence Place Mall Tax Treaty

As requested by the Finance Committee Chair, in accordance with Ordinance 2-2.1, the following information is presented:

Taxes Forgone:

Per attached schedule "A" submitted by the Tax Assessor, the total real estate and tangible taxes to be assessed for the 30 year tax treaty period would be \$175,792,100. Under the proposed tax treaty the taxes and neighborhood improvement fees collected would be \$14,100,000; yielding \$161,692,100 in forgone taxes directly relating to the Mall if one assumes that the Mall would be built without the tax treaty. If one assumes that the Mall would not be built and there would be no taxable commercial development on the site, then there would be a positive \$14.1 million benefit from the Mall.

Additional City Services:

At the December 11, 1995 Finance Committee hearing Police Chief Urbano Prignano and Public Safety Commissioner John Partington, represented that they did not believe that the Mall would not be a burden on the police or fire departments and that rescue runs would be reimbursed as part of our normal billing procedures. Colonel Prignano's research on the effect of other malls is included as schedule "B". Prosecution expense is not expected to be material as the police officers merely process the paperwork and are not witnesses. Other department's are also not expected to be materially effected.

Economic Impact on Other Retailers:

Per schedule "C" enclosed the Tax Assessor has reported that the Route 2 Mall spin-off economic development generates \$2.8 million in annual taxes for Warwick. It is presumed that similar spin-off will happen in Providence and will more than compensate for any businesses negatively effected.

THOMAS P ROSSI
CITY ASSESSOR



VINCENT A. CIANCI, JR.
MAYOR

Finance Department, City Assessor

"Building Pride In Providence"

Schedule A

December 7, 1995

Evenlyn V. Fagnoli, President Pro Tempore
City Hall
Providence, RI 02903

Re: Providence Place Mall

Dear Ms. Fagnoli :

On November 27, 1995 some questions were raised by the Council Members regarding Providence Place Mall. The answers are as follows:

Question I: What is the assessed valuation of the property where the Providence Place mall will be built?

Parcel 10 Plat 19 Lot 110 Land \$14,804,000
Sq.ft. 197,386 (\$75 per sq. ft)

[Amtrak, used as Ray's Parking (surface parking)]

Parcel 10 Plat 19 Lot 125 Land \$ 3,451,500
Sq.ft. 76,700 (\$45 per sq. ft)

[(Amtrak, RR Right of Way) Tracks]

Parcel 13 Plat 4 Lot 213 Land \$ 2,900,100
Sq. ft. 290,011 (\$10 per sq. ft)
Bldg. \$ 4,022,500

Total Assessments: Land \$ 21,155,500
Bldg. 4,022,500
Total \$ 25,178,000

Total Taxes (@\$28.17 /\$1000) Land \$ 564,097
Bldg. 113,314
Total \$ 677,411

Question II: Are there any other malls to compare with the Providence Place Mall in regards to taxes?

Answer: No! Emerald Square Mall and the Warwick Mall were constructed in areas suburban in nature with scattered, various use. Land was not expensive.

Today, land values in these areas has increased significantly.

Providence Place Mall is to be located in an urban area which has an established "Plan" with new development, i.e. Westin Hotel, Convention Center, Citizens Bank, Cookson, Rail Station, American Express, and "Water Place Park. Land values for ad valorem purposes are notably higher than the aforementioned areas.

Question III: What about the present value versus the future value 30 years from now?

Answer: Marshall Valuation Service
Excellent class A enclosed Mall

Base Cost	\$82.64 / sq.ft.
Current Cost Multiplier	x 1.10
Local Cost Multiplier	x 1.16
Adjusted Base Cost	105.45
Square Footage	1,115,000
Reproduction Cost New	\$117,576,750

Depreciation @ 10%	< 11,757,675 >
RCN Minus Depreciation	\$105,819,075
rd	\$105,800,000

Garage: \$14,600 * per space X 4000 spaces \$58,400,000
* Convention Center Garage Assessment

Depreciation 10%	< 5,840,000 >
Reproduction Cost New	
Minus Depreciation	\$52,560,000
rd	\$52,600,000
RCN (Garage & Mall)	158,400,000

Age / Life Method (Depreciation)

30 years: Age : 50 year life Mall & Garage
30 / 50 = 60 % Depreciation
20 % Depreciation at 10 year intervals

Value of Mall & Garage as of 12/31/98 is \$158,400,000

Value of Mall & Garage as of 12/31/2028 is \$ 81,100,000

QUESTION IV: What are the actual taxes that the City will be giving up for the next 20 or 30 years?

ASSM'T DATE	FY	REAL ESTATE	EST. TAX RATE	TAX \$	TPP	EST. TAX RATE	TAX \$
12/31/98	1999	\$158,400,000	\$28.17	\$4,462,128	\$37,464,000	\$67.77	\$2,538,935
99	2000	" "	\$28.68	\$4,542,912	" "	\$68.83	\$2,578,647
00	2001	" "	\$29.20	\$4,625,280	" "	\$70.08	\$2,625,477
01	2002	" "	\$29.73	\$4,709,232	" "	\$71.35	\$2,673,056
02	2003	" "	\$30.27	\$4,794,768	" "	\$72.65	\$2,721,760
03	2004	" "	\$30.81	\$4,880,304	" "	\$73.94	\$2,770,088
04	2005	" "	\$31.36	\$4,967,424	" "	\$75.26	\$2,819,541
05	2006	" "	\$31.92	\$5,056,128	" "	\$76.61	\$2,870,117
06	2007	" "	\$32.49	\$5,146,416	" "	\$77.98	\$2,921,443
07	2008	" "	\$33.07	\$5,238,288	" "	\$79.37	\$2,973,518
REVAL							
12/31/08	2009	\$126,720,000	\$26.46	\$3,353,011	\$29,971,200	\$63.50	\$1,903,171
09	2010	" "	\$26.94	\$3,413,837	" "	\$64.66	\$1,937,938
10	2011	" "	\$27.42	\$3,474,662	" "	\$65.81	\$1,972,405
11	2012	" "	\$27.91	\$3,536,755	" "	\$66.98	\$2,007,471
12	2013	" "	\$28.41	\$3,600,115	" "	\$68.18	\$2,043,436
13	2014	" "	\$28.92	\$3,664,742	" "	\$69.41	\$2,080,301
14	2015	" "	\$29.44	\$3,730,637	" "	\$70.66	\$2,117,765
15	2016	" "	\$29.97	\$3,797,798	" "	\$71.93	\$2,155,828
16	2017	" "	\$30.51	\$3,935,923	" "	\$74.54	\$2,234,053
REVAL							
12/31/18	2019	\$101,376,000	\$24.85	\$2,519,194	\$23,976,194	\$59.64	\$1,429,986
19	2020	" "	\$25.30	\$2,564,813	" "	\$60.72	\$1,455,881
20	2021	" "	\$25.76	\$2,611,446	" "	\$61.82	\$1,482,256
21	2022	" "	\$26.22	\$2,658,079	" "	\$62.93	\$1,508,870
22	2023	" "	\$26.69	\$2,705,725	" "	\$64.06	\$1,535,964
23	2024	" "	\$27.17	\$2,754,386	" "	\$65.21	\$1,563,538
24	2025	" "	\$27.66	\$2,804,060	" "	\$66.38	\$1,591,591
25	2026	" "	\$28.16	\$2,854,748	" "	\$67.58	\$1,620,363
26	2027	" "	\$28.67	\$2,906,450	" "	\$68.81	\$1,649,855
27	2028	" "	\$29.19	\$2,959,165	" "	\$70.06	\$1,679,826

TAX TOTAL RECAP

Real Estate:

30 years total taxes	\$112,134,600
30 year average	3,737,820

Tangible Personal Property

30 years total taxes	\$ 63,657,500
30 year average	2,121,920

Total Real Estate & Tangible	\$175,792,100
Taxes	5,859,737
Rd	\$ 5,860,000

Current Taxes Collected from the Subject Parcels:

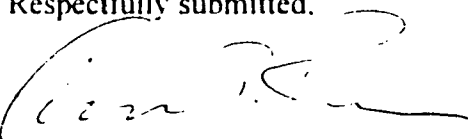
"ZERO" Dollars

"Tax Exempt"

Assumptions and Notes

1. Tax rates decrease 20% in reval year.
2. Tax rates increase annually @ 1.8% after reval year.
3. Tax assessments depreciate 20% at each reval year interval.
4. Tangible personal property decreases 20% at each reval year interval.
5. Tangible assessments derived by using the assessed square foot value from the Warwick Mall and applying the dollar amount to the estimated Providence Place Mall square footage.
6. Garage assessments derived from the per space assessments of the Convention Center garage.
7. Assessments derived from Marshall Valuation Cost manual, a nationally prominent cost service used extensively by government and private agencies.

Respectfully submitted.



Thomas P. Rossi
City Assessor

MALL STATISTICS FOR THE PAST YEARMALL IN WORCESTER:

The Worcester police department is very similar to our department (460 officers) and their mall has garage parking as will our mall. Their mall is made up of a variety of stores; some upscale, some discount, and some mill outlet type stores (Sak's Fifth Ave Outlet). Due to these similarities and the precise statistical breakdown they provided to me, I feel our mall comparison should be centered around their statistics.

STOLEN AUTOS: (4) stolen (1) recovered

SHOPLIFTING: 118 (1 every three days)

FALSE ALARMS: 203 (they have a fine system)

FRAUD: 1

(note: the majority of their calls are between 3pm-6pm)

BRAINTREE MALL:

The Braintree police department was unable to give me a crime breakdown of their mall without changing their program, but they were able to give me the crime statistics for the area surrounding and including the mall. Unfortunately, this area contains many other businesses and a major hotel and therefore the statistics are somewhat inflated. Even so, the statistics provided are useful for our purposes. Note that of the 2,415 calls for service in this area only 1,140 (just over 50%) are related to the mall. Also note that parking for the mall is in outside lots.

(Braintree Mall con't)

STOLEN AUTOS:	163 stolen 49 recovered	(not just the mall)
SHOPLIFTING:	262	(not just the mall)
FALSE ALARMS:	381	(not just the mall)
FRAUD:	27	(not just the mall)

EMERALD SQUARE MALL:

The North Attleboro police department provided me with their statistics for stolen autos only and they are attempting to put together other crime statistics. The parking for their mall is a combination of garage and open lots. Also take note that their police department has only 38 officers and they do not view the mall as a drain on department resources.

STOLEN AUTOS: 25 Stolen 2 recovered

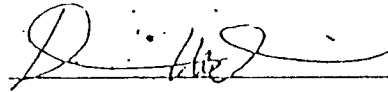
WARWICK MALLS:

The Warwick police department was unable to provide any statistics relevant to the crime breakdown at their two malls. However, they report that their stolen auto rate has dropped drastically in the last year. They also claim that while this area of the CITY does drain the department, it cannot be traced back to the two malls. They concluded that the drain on their department is from the overwhelming commercial build-up that stretches on Rte 2 from the Showcase theater to the Cranston/Warwick line.

Sir, I have contacted the Boston Police about the Copley Place Mall

and I am still waiting for their FAX, as well as further crime statistics from the North Attleboro police department. However, from my telephone discussions with these departments, I do not anticipate any information that would change my belief that the new mail will not be a burden on our department.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "D. Simoneau", written over a horizontal line.

Dennis W. Simoneau

Captain

Patrol Bureau Commander

THOMAS P ROSSI
CITY ASSESSOR



VINCENT A. CIANCI JR.
MAYOR

Finance Department, City Assessor
"Building Pride In Providence"

Schedule C

December 27, 1995

Evenlyn V. Fagnoli, President Pro Tempore
City Hall
Providence, RI 02903

Re: Retail Development Since the Malls

Dear Ms. Fagnoli :

Members of the Providence Tax Assessor's Office recently did a detailed survey of all major retail development along Route 2 since the two malls were developed. The spin-off development encouraged by the two malls extend south to Coweset Corner. Assessed values are as of 1986.

	<u>Total Value</u>	<u>Current Tax</u>	<u>Total Building Area</u>
Two Malls	\$139.4 m.	\$ 4.8 m.	1,627,000 sq.ft
Spin-off retail	\$ 82.4 m.	\$ 2.8 m.	1,693,000 sq.ft.
Total	\$221.8 m.	\$ 7.6 m.	3,320,000 sq.ft.

Note that there is more square footage in the spin-off development than in the original two malls.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Thomas P. Rossi".

Thomas P. Rossi
City Assessor



Department of Law

March 25, 2004

The Hon. Michael R. Clement
City Clerk
City Hall
25 Dorrance Street
Providence, Rhode Island 02903

Re: Legal Opinion on Providence Place Mall

To the Honorable Members of the City Council:

Your February 20, 2004 request for a legal opinion regarding the anticipated sale of the Providence Place Mall ("Mall") as it pertains to the Tax Treaty Agreement ("Treaty"), Chapter 1996-1 (approved January 10, 1996), has been directed to me for response. I have carefully investigated each of the requirements in Section 7 of the Treaty. It is my legal opinion that there is no reasonable basis to oppose the assignment of the Treaty, given the efforts of the Providence Place Group ("PPG") to comply with the obligations set forth in the Treaty.

Let me review each of the Section 7 requirements briefly.

1. PPG is obligated by Section 7(e) to explore the creation of a Downtown Business Improvement District. In 1996, there was no state enabling legislation to permit the creation of such a district.

At the time the legislation was enacted, the City had initiated a re-evaluation of the downtown properties. Taxes increased dramatically. The time was inauspicious to initiate a request for a special assessment to fund the Business Improvement District. The Providence Foundation and others, including PPG, have recently been working to implement the provisions of R.I.G.L. Title 45, Chapter 59, "District Management Authorities." I have been informed that the Providence Business Improvement District is to be inaugurated with an event on March 29, 2004. There can be no meaningful assertion that PPG has not met its Section 7(e) obligation.

2. PPG is to contribute 50% of the cost for a campaign to market downtown Providence. Section 7(f) obliges PPG to do this during the first five years after the Mall opens, only if the campaign budget is acceptable to both PPG and the City, and the City matches the funds through contributions from "various parties and sources." There

The Hon. Michael R. Clement

March 25, 2004

Page 2

were ambitious efforts at the time of the Mall opening to market downtown Providence. As a result of my inquiries, I learned that PPG spent roughly \$80,000 on a campaign called "Destination Providence"; other funds were contributed by the Rhode Island Economic Development Corporation ("RIEDC"), the Providence-Warwick Convention Bureau, and others. RDW was hired to handle the campaign. But the campaign faltered, apparently when corporate support was not forthcoming. I was told by several Tourism sources that PPG was very much a leader and contributor, but there was never a matching funding commitment from the City. More recently, PPG has continued its involvement with the Tourism Council on a smaller scale. Again, it appears that the obligation has been met.

3. Shuttle bus service was to be developed by PPG, in conjunction with the State, the City and RIPTA, pursuant to Section 7(g). This obligation has been met.

4. Section 7(k) requires PPG to provide information stations in the Mall. The main information station in the Mall, which is staffed by Mall personnel, was to be considered one of the three stations. For the other two, I learned that PPG hired fabricators and was prepared to install them; however, Patricia McLaughlin, who was the City's lead negotiator, did not want them installed until the City found someone to staff them. Because they were meant to promote City events and attractions, she sought corporate sponsorship from Trinity Rep, PPAC, the Rhode Island Philharmonic, and other cultural attractions. When the support did not materialize, PPG took the kiosks out of storage and placed one on the long corridor connecting the Skybridge with the mall, and the other adjacent to the Napa Valley Grille. I am informed that event promoters are permitted to use these spaces for display or to provide information. PPG has met its obligations.

5. Section 7(l) of the Treaty contains the provision related to PPG's voluntary contribution to development of the Downcity Cinema. The magnitude of this obligation increased from \$2,000,000.00 at the time the Treaty was adopted in January, 1996, to \$2,500,000.00 when the Tax Treaty Agreement was signed by all the parties in October, 1996. My research established that PPG did, in fact, make a good faith effort to comply with this provision, including the following:

- Following execution of the Treaty, PPG negotiated with the Providence Journal Company for the purchase of the land and buildings at 93 Washington Street, where a multi-screen cinema was to be located. Title work began in 1997. A preapplication discussion was held with the Downcity Design Review Committee ("DDRC") on March 30, 1997. Thereafter, PPG's in-house design and development professionals, assisted by an architectural firm,

Arrowstreet, Inc., created the engineering and development plans for the construction of the Downcity Cinema.

- Throughout 1997, PPG worked with the Coalition for Community Development and its constituent members to develop a consortium of downtown business interests to participate in the development of the project.
- The Downcity Cinema, LLC was chartered on June 9, 1997, and activated to serve as the entity for development of the project.
- DDRC consultations and meetings continued throughout 1997 and into 1998, including presentations on March 12, April 13, April 28, May 11, June 8, July 13, and August 3, 1998. PPG also applied for a "Major Subdivision" essential to the development of the project, and this was approved on April 21, 1998 by the Providence City Plan Commission.
- PPG negotiated and entered into a Purchase & Sales ("P&S") Agreement with the Providence Journal Company, as seller of the parcel subject to the Downcity Cinema development, on April 15, 1998.
- PPG negotiated a lease agreement with SBC Providence Corporation and Hoyts Cinema Corporation for the lease and operation of the Downcity Cinema from the spring of 1998 through December, 1998.
- In the spring of 1999, Downcity Cinema LLC negotiated with BankBoston for a loan to finance the nonequity portions of the Project.
- At PPG's initiative, the P&S was extended twice in order to maintain the right of purchase for the Downcity project site.

In the spring of 1999, PPG was informed by City officials that Sundance Cinemas ("Sundance") had expressed an interest in developing and operating the project. Meetings were conducted between PPG and Sundance through the following summer and fall, during which PPG was told of the City's preference for the Sundance proposal. A formal proposal for development was made by Sundance in January, 2000. PPG responded with a revised business plan for the development of the project, anticipating the possible relocation to a new site, formerly the home of the Travelers Aid Society. The revised proposal was not implemented and Sundance ultimately filed for bankruptcy. While those efforts were ongoing, the time period for consummating the P&S expired.

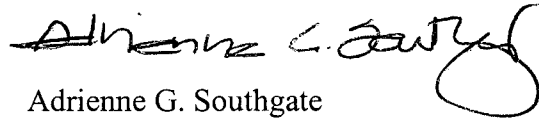
There is substantial documentation that the City administration was involved in these various cinema-related steps. Moreover, after the collapse of the Sundance proposal, the City executed an estoppel certificate on May 10, 2001, in favor of PPG, indicating its compliance with the terms of the Treaty, in connection with the refinancing of the Mall. Substantial due diligence was completed at the time; in addition to City scrutiny, the RIEDC Board had to authorize the transaction. It is my legal opinion that

The Hon. Michael R. Clement
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PPG's non-performance did not arise from unwillingness to meet its obligation. I believe that, were the matter to be litigated, a City position that PPG had not complied with the terms of the Treaty would be unpersuasive; indeed, an argument could be made that the previous certification estops the City from advancing the claim at all.

6. In Section 7(m) of the October, 1996 Tax Treaty Agreement (but not made a part of the Treaty itself), there is an additional obligation for PPG to provide a pedestrian walkway "over or under" Francis Street. The Capital City Commission did not wish to pursue another skybridge, which would have connected the Mall to the building previously to be constructed for Edwards & Angell and now designated as the new GTECH world headquarters, for several reasons. A walkway under Francis Street was impractical, because of the siting of the rail lines. PPG has made efforts to be "pedestrian friendly" in the sidewalk spaces adjoining Francis Street, as well as in the access to the Foundry. I see no basis on which to conclude that PPG has not met its obligations.

Very truly yours,

A handwritten signature in black ink, appearing to read "Adrienne G. Southgate", with a large, stylized loop at the end.

Adrienne G. Southgate
Senior Assistant City Solicitor