

CHAPTER 2017-56

**No. 516 AN ORDINANCE AMENDING CHAPTER 2015-61, ORDINANCE NO. 590
OF THE PROVIDENCE CODE OF ORDINANCES, ESTABLISHING A TAX
EXEMPTION AND STABILIZATION PLAN FOR PRI XXI, LP**

Approved Decmeber 8, 2017

Be it ordained by the City of Providence:

WHEREAS, PRI XII, LP ("PRI") is the owner of the Fogarty Building, certain real estate located in the City of Providence at 100 Sabin Street f.k.a. 111 Fountain Street, AP 25, Lot 422; and

WHEREAS, PRI has demolished the existing improvements on the property, and has received approval of its plans to construct a new, nine-story upscale extended-stay hotel with a total of 168 guestrooms, 5,400 square feet of pedestrian-level third-party retail space, and additional supporting areas; and

WHEREAS, The City of Providence envisions the PRI project will generate jobs within the City of Providence; and

WHEREAS, The City of Providence, pursuant to its authority under Rhode Island General Laws § 44-3-9 and in accordance with the laws of the State of Rhode Island and the Code of Ordinances for the City of Providence, previously granted and passed Ordinance No. 590 of Chapter 2015-61 of the Providence Code of Ordinances ("Ordinance No. 590"), establishing a Tax Exemption and Stabilization Plan with respect to taxes due to the City for the Project Site (the "Tax Stabilization Agreement"); and

WHEREAS, Ordinance No. 590 expressly allows for the Project Owner to request an extension from the Providence City Council of the deadlines associated with the permitting and construction phases of the Project; and

WHEREAS, Said request has been made and in order to further induce the development of the Project, it is in the interest of the residents of the City of Providence to amend the Tax Stabilization Agreement as provided herein.

NOW, THEREFORE, Be It Ordained by the City of Providence:

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

Section 2. Definitions. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Tax Stabilization Agreement.

Section 3. Amendment of Tax Stabilization Agreement. The City of Providence, in accordance with the laws of the State of Rhode Island and the Code of Ordinances for the City of Providence, is hereby authorized to amend the Tax Stabilization Agreement as provided herein, and does hereby amend and consent to the amendment of the Tax Stabilization Agreement as follows:

- (i) Section 5 of the Tax Stabilization Agreement is amended by deleting Section 5 in its entirety and adding the following:

Section 5. Tax Exemption and Stabilization Plan. During the tax stabilization term as defined in Section 4 above, the City has determined the stabilized amount of taxes to be paid by the Property Owner with respect to the Property, notwithstanding the valuation of the Property or the then-current rate of tax as follows: For tax year 2016 through and including tax year 2019, the Property Owner shall make a tax payment equal to the taxes due and owing for an assessment value of \$1,597,956.00 ("Base Assessment") multiplied by a tax rate of \$36.70 per \$1,000.00 in assessment value (hereinafter the "Base Tax"). For each tax year thereafter, the Property Owner will pay the Base Tax plus percentage of difference between the Base Assessment and the taxes due and owing on the then-current assessed value of the Property multiplied by the then-current rate. See "Tax Stabilization Plan" incorporated herein as if fully reproduced and attached hereto and as Exhibit A.

(ii) Section 8 of the Tax Stabilization Agreement is amended as follows:

Section 8. Retroactive Revocation For Failure to Satisfy Performance Milestones.

In the event that the Project Owner fails to satisfy the following performance milestones, then this Ordinance shall be automatically repealed following the Notice and the 90-day cure period set forth in Section 6(b), and the Owner of the Project Site shall be reassessed any unpaid real estate taxes, penalties and interest which remain unpaid as if this Ordinance had never been passed:

(a) Obtaining all necessary permits and approvals being secured from the municipal agencies of the City of Providence or the State of Rhode Island for the redevelopment of the Project Site in accordance with the second recital hereof within twenty-four (24) months of the Commencement Date.

(b) Achieving substantial completion of and the redevelopment of the Project Site within forty-eight (48) months of the Commencement Date.

(iii) Section 11 of the Tax Stabilization Agreement is amended by adding the following:

Section 11. Agreement to establish a fund to be held in Trust by the Treasurer of the City of Providence. Upon passage of this Ordinance, the Developer and/or Project Site Owner shall contribute to a Trust Fund established by the City of Providence, of which the Treasurer shall be the trustee. The Fund shall be identified as the "City Council Parks and Recreation Fund." The City Council shall establish regulations pertaining to the disbursement of funds.

(a) Payments to the Fund. The Developer and/or Project Site Owner shall make annual payments to the Fund in the amount of 5 (five) percent of the total estimated abated tax for the term of the tax stabilization agreement, for as long as this Ordinance is in full force and effect, including any extensions should they be granted. Notwithstanding anything contained herein, the Developer and/or Project Site Owner shall pay Ten Thousand and XX/100 Dollars (\$10,000.00) annually in tax years 2017 and 2018 in satisfaction of their obligations under this subsection for tax years 2017 and 2018. Said annual payments will be payable on the anniversary of the Commencement Date in each subsequent tax year. If, for any reason, this Ordinance is retroactively revoked, the payments to the fund shall remain and will not be forfeited due to a default.

Section 4. Miscellaneous. Except as specifically provided herein, the provisions of Ordinance No. 590 shall remain unchanged and in full force.

Section 5. Severability. If any one section of this Ordinance is found to be unenforceable, then the other provisions herein shall continue to have the same force and effect as if the unenforceable provision were not passed as part of this Ordinance.

Section 6. Applicable Law. This agreement shall be construed under the laws of the State of Rhode Island.

Section 8. Effective Date. This Ordinance shall become effective immediately upon its passage by the City Council and approval by the Mayor.

The Tax Stabilization Agreement, as amended hereby, is hereby ratified and confirmed.

IN CITY COUNCIL
NOV 16 2017
FIRST READING
READ AND PASSED

Low L. Hughes CLERK

IN CITY
COUNCIL
DEC 07 2017

FINAL READING
READ AND PASSED

Sabrina Mats
ACTING PRESIDENT
Low L. Hughes
CLERK

I HEREBY APPROVE.

[Signature]
Mayor
Date: 12/8/17

12 Year TSA Projection

Year	Base Tax + %				Proposed Total		Payments at Full Taxation
	Value	of Incr.	Tax Rate	Base Tax	Phased-In Tax	Tax	
1	1,597,956	Base Tax	\$36.70	\$58,644.99	\$0	\$58,644.99	\$ 58,644.99
2	1,597,956	Base Tax	\$36.70	\$58,644.99	\$0	\$58,644.99	\$ 58,644.99
3	1,597,956	Base Tax	\$36.70	\$58,644.99	\$0	\$58,644.99	\$ 58,644.99
4	1,597,956	Base Tax	\$36.70	\$58,644.99	\$0	\$58,644.99	\$ 58,644.99
5	15,000,000	Base + 12.5%	\$36.70	\$58,644.99	\$61,481.88	\$120,126.86	\$ 550,500.00
6	15,000,000	Base + 25.0%	\$36.70	\$58,644.99	\$122,963.75	\$181,608.74	\$ 550,500.00
7	15,450,000	Base + 37.5%	\$36.70	\$58,644.99	\$190,638.76	\$249,283.74	\$ 567,015.00
8	15,450,000	Base + 50.0%	\$36.70	\$58,644.99	\$254,185.01	\$312,829.99	\$ 567,015.00
9	15,450,000	Base + 62.5%	\$36.70	\$58,644.99	\$317,731.26	\$376,376.24	\$ 567,015.00
10	15,913,500	Base + 75.0%	\$36.70	\$58,644.99	\$394,035.35	\$452,680.33	\$ 584,025.45
11	15,913,500	Base + 87.5%	\$36.70	\$58,644.99	\$459,707.91	\$518,352.89	\$ 584,025.45
12	15,913,500	Base + 95%	\$36.70	\$58,644.99	\$499,111.44	\$557,756.43	\$ 584,025.45
							\$ 4,788,701.29

Savings to applicant:

(\$1,785,106.12)