

A PERSONAL NOTE FROM

ROSE M. MENDONCA

CITY CLERK



19

TO

Dave

*No books were
submitted for
1975 through 1979*

✓

RESOLUTION OF THE CITY COUNCIL

No. 251

Approved May 8, 1981

WHEREAS, The filing of Urban Development Action Grants by the City of Providence is authorized by Title I, Section 119, Part 570, Subpart G of the Housing and Community Development Act of 1974, as amended by Section 110 of the Housing and Community Development Act of 1977, and as finalized on January 10, 1978, and

WHEREAS, The aforesaid Federal regulations authorize the Department of Housing and Urban Development to make grants to assist distressed cities and distressed urban counties in revitalizing their economic bases and reclaiming deteriorated neighborhoods by means of public and private sector cooperation, and

WHEREAS, The City of Providence deems it necessary and in the public interest (1) to increase the City's employment base, (2) to increase the City's tax base, (3) to diversify industrial activity and (4) to encourage the cooperation of the public and private sectors in furthering the development of the City's economic base, and

WHEREAS, The City of Providence deems it appropriate to contribute to the aforementioned efforts by assuring the retention and expansion of industrial firms in the City by arranging for the financial assistance which will be used for expansion and equipment purchases, and

WHEREAS, Urban Development Action Grants are available for the activities and undertakings proposed herein.

NOW, THEREFORE, BE IT RESOLVED, by the City Council Of the City of Providence, as follows:

1. It is hereby found necessary and in the public interest to file an application to the Department of Housing and Urban Development for an Urban Development Action Grant for

providing a loan to Rosenthal Metceram, Inc., in the amount of One Million, Six Hundred Thousand Dollars (\$1,600,000.00) for the physical expansion of their existing plant at 100 Niantic Avenue, and for the purchase of production equipment, activities which will allow Rosenthal Metceram, Inc., to increase employment and further support the reindustrialization of the City.

2. The Office of Economic Development is hereby authorized and designated as the representative of the City for filing the application with the Department of Housing and Urban Development, and assist in performing all the work necessary to carry out the terms of the contract between the City and the Department of Housing and Urban Development relative to said Urban Development Action Grant, subject to the review and approval of the City Council.

3. That the United States of America and the Department of Housing and Urban Development be, and they are hereby assured of full compliance by the City of Providence with all regulations of the United States Government effectuating the receipt of Federal Grants under the Housing and Community Development Act, as amended.

IN CITY COUNCIL
MAY 7 1981

READ AND PASSED

Ralph T. Fugate
PRES.
Rose M. Mendonca CLK

James A. C. C. C.
Approved —
may 7, 1981

1000
1000
1000

IN CITY COUNCIL
APR 15 1951
FIRST READING
REFERRED TO COMMITTEE ON

URBAN REDEVELOPMENT
RENEWAL & PLANNING

Rose M. Meadows CLERK

THE COMMITTEE ON
URBAN REDEVELOPMENT
RENEWAL & PLANNING
Approves Passage of
The Within Resolution

Rose M. Meadows
Chairman
April 21, 1951

Councilman Pearlman and Councilman Turner (By Request)



PROVIDENCE OFFICE OF ECONOMIC DEVELOPMENT

VINCENT A. CIANCI, JR.
MAYOR

April 9, 1981

RICHARD R. TORCHIA
DIRECTOR

Ms. Rose Mendonca, City Clerk
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Ms. Mendonca:

I am enclosing a resolution for submission to the City Council which will authorize the Office of Economic Development to submit an application for federal funds for the purpose of assisting with the expansion of an industrial firm in Providence.

The application will be made to the Department of Housing and Urban Development for an Urban Development Action Grant, a program which is designed to provide financial assistance to private entities which offer substantial economic benefits in distressed urban areas and which otherwise could not proceed with development plans without that assistance. It is a very competitive program.

This application is being submitted on behalf of Rosenthal Metceram, Inc. of 100 Niantic Avenue. The City intends to use the Action Grant award, if received, to loan \$1.6 million to Rosenthal Metceram Inc. for the expansion of their production facility and the purchase of additional equipment. Rosenthal Metceram, Inc., will be investing an additional \$7.705 million in private funds during a four-year period for other equipment.

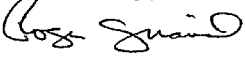
The Office of Economic Development is supporting this project for the number of jobs are to be retained and created. Rosenthal Metceram must improve and enlarge its production capacity if it is to remain competitive in the high technology field of producing ceramic packaging for integrated circuits. If they are successful in their capital investment program, employment at the company will increase by 240 during the next four years. If financing does not become available, and Rosenthal Metceram's market share declines, the present employee force of 350 may be reduced.

Ms. Rose Mendonca, City Clerk
Page 2
April 9, 1981

Thus, we feel that this Action Grant Project is extremely important both for Rosenthal Metceram and the City. I would appreciate the expeditious presentation of this resolution to the City Council for approval.

Thank you very much.

Sincerely,


for Richard R. Torchia
Director

RRT/afm

Enclosure

cc: Mayor Vincent A. Cianci, Jr.
Roland Theriault
James Winoker



PROVIDENCE OFFICE OF ECONOMIC DEVELOPMENT

VINCENT A. CIANCI, JR.
MAYOR

RICHARD R. TORCHIA
DIRECTOR

May 1, 1981

Ms. Rose Mendonca, City Clerk
City of Providence
City Hall
Providence, R.I. 02903

Dear Ms. Mendonca:

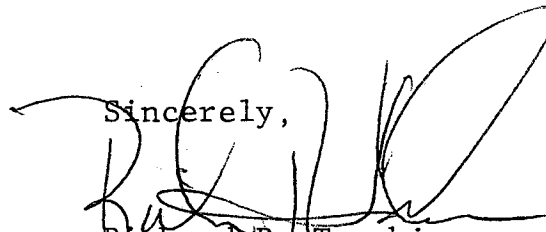
Enclosed is a copy of the application submitted by this office on behalf of the City to HUD for funding under the Action Grant Program.

A resolution authorizing this submission was presented to the City Council and has been approved by Committee. Final passage is expected on May 7th.

It is my intent that any councilman who may have an interest in the Rosenthal Technik Action Grant Project have access to a copy of the application.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to be "R. Torchia", written over the typed name.

Richard R. Torchia
Director

RRT/rvf

Enclosure

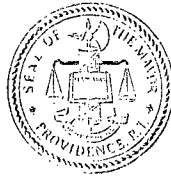
ROSENTHAL TECHNIK, N.A. ACTION GRANT PROJECT

URBAN DEVELOPMENT ACTION GRANT
APPLICATION

APRIL, 1981

AN APPLICATION FOR FUNDING UNDER
SECTION 119 OF THE COMMUNITY DEVELOPMENT ACT OF 1977

CITY OF PROVIDENCE
VINCENT A. CIANCI, JR.
MAYOR



Executive Chamber, City of Providence, Rhode Island

Vincent A. Cianci, Jr.
MAYOR

April 29, 1981

Ms. Margaret Sowell, Deputy Director
Office of Action Grants
Department of Housing and Urban Development
451 7th Street, S.W.
Washington, D.C. 20410

Dear Ms. Sowell:

The enclosed application, requesting \$1.6 million in Action Grant funds which the City will lend to Rosenthal Technik North America for the expansion of manufacturing facilities in Providence, is submitted with my personal request for an expedient and favorable response.

The Rosenthal Technik Action Grant Project offers the City the opportunity to benefit from the expansion of the electronics industry at a time when the jobs are desperately needed in the City. Employment opportunities in Providence have decreased significantly as the local jewelry industry, much like the local textile industry of decades ago, has gone into a period of decline as the result of national and foreign competition. At least 180 new jobs will be created due to the expansion of Rosenthal Technik.

In addition, the location of the company in an economically and socially distressed neighborhood, and its demonstrated commitment to hiring local residents, mostly minorities and women, means that the impact of the new employment will be concentrated where it is needed most. I hope the application adequately reflects the potential benefits.

The application has been prepared with a time restraint. In preliminary discussions with Rosenthal Technik in March, a July

Ms. Margaret Sowell
April 29, 1981
Page Two

filing date for an Action Grant application had been anticipated. This schedule, however, was accelerated when the company discovered that a long lead time of twelve to eighteen months was required for the manufacture and delivery of the specialized machinery for substrate production. In view of the fact that the company's expansion program is dependent upon substrate production by early 1983, every effort has been made to have a determination of the availability of Action Grant funds by July 1981.

For this reason we have not had sufficient time to secure City Council approval of a Resolution approving the application's submission. The Resolution, however, has been submitted and approved by Committee, and passage will take place Thursday evening, May 7. On May 8, I will submit the Assurances and a SF 424 Form with my signature, as required. Until the City Council approves it, of course, I cannot legally do so.

If any part of the application requires supplementary material or clarification, please communicate immediately with the director of the Office of Economic Development, Richard R. Torchia, (401) 274-5200. We recognize the importance of this project to our economic development program, and want the material available to you for review to be as complete and concise as possible.

If there is anything we can do to further the application's expedient and favorable review, please let us know. The implementation of this project will have positive economic, social, and even psychological impacts on the City.

Sincerely,

Vincent A. Cianci, Jr.

VINCENT A. CIANCI, JR.
Mayor of Providence

VAC, JR.

cc: Mr. Ron Herlet
Boston HUD Office

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PART I : STANDARD FORM 424

PART I

STANDARD FORM 424

OMB Approval No. 29-RO213

FEDERAL ASSISTANCE		2. APPLICANT'S APPLICATION	3. STATE APPLICATION IDENTIFIER	4. NUMBER AG-81-1	5. STATE APPLICATION IDENTIFIER	6. NUMBER 28-81-04
1. TYPE OF ACTION <input type="checkbox"/> PREAPPLICATION <input checked="" type="checkbox"/> APPLICATION (Mark appropriate box) <input type="checkbox"/> NOTIFICATION OF INTENT (OpL) <input type="checkbox"/> REPORT OF FEDERAL ACTION		7. DATE Year month day 19 81 4 30	8. DATE Year month day 19 81 4 2	9. LEGAL APPLICANT/RECIPIENT a. Applicant Name : City of Providence b. Organization Unit : Office of Economic Development c. Street/P.O. Box : 77 Washington Street d. City : Providence e. County : Providence f. State : Rhode Island g. ZIP Code: 02903 h. Contact Person (Name & telephone No.): Richard Torchia 401-274-5200		
10. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT Rosenthal Technik Action Grant Project The expansion and modernization of a high technology manufacturing facility, resulting in increased employment and other benefits in the City of Providence.		11. ESTIMATED NUMBER OF PERSONS BENEFITING 159,000		12. TYPE OF APPLICANT/RECIPIENT A-State H-Community Action Agency B-Intermediate I-Higher Educational Institution C-Substate J-Indian Tribe D-Country K-Other (Specify): E-City F-School District G-Special Purpose District Enter appropriate letter E		
13. AREA OF PROJECT IMPACT (Name of cities, counties, States, etc.) City of Providence		14. CONGRESSIONAL DISTRICTS OF: a. APPLICANT 1 & 2 b. PROJECT 2		15. TYPE OF ASSISTANCE A-Basic Grant D-Insurance B-Supplemental Grant E-Other C-Loss Enter appropriate letter(s) A		
16. PROPOSED FUNDING a. FEDERAL : 1,600,000.00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER * 8,091,000.00 f. TOTAL : 9,691,000.00		17. PROJECT START DATE Year month day 19 81 9 1 18. PROJECT DURATION Months 48		19. EXISTING FEDERAL IDENTIFICATION NUMBER NA		
20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code) Dept. of Housing and Urban Development, Washington, D.C.		21. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No		22. THE APPLICANT CERTIFIES THAT > a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved. b. If required by OMB Circular A-95 this application was submitted, pursuant to instructions therein, to appropriate clearinghouses and all responses are attached: No response attached		
23. CERTIFYING REPRESENTATIVE a. TYPED NAME AND TITLE VINCENT A. CIANCI, JR. Mayor of Providence		b. SIGNATURE		c. DATE SIGNED Year month day 19		
24. AGENCY NAME		25. APPLICATION RECEIVED Year month day 19		26. ORGANIZATIONAL UNIT		
27. ADDRESS		28. ADMINISTRATIVE OFFICE		29. FEDERAL APPLICATION IDENTIFICATION		
30. ACTION TAKEN <input type="checkbox"/> a. AWARDED <input type="checkbox"/> b. REJECTED <input type="checkbox"/> c. RETURNED FOR AMENDMENT <input type="checkbox"/> d. DEFERRED <input type="checkbox"/> e. WITHDRAWN		31. FUNDING a. FEDERAL \$.00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER .00 f. TOTAL \$.00		32. ACTION DATE Year month day 19		
33. FEDERAL AGENCY A-95 ACTION		34. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)		35. ENDING DATE Year month day 19		
36. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No		37. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)		38. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No		

424-101 *Private Investment

STANDARD FORM 424 PAGE 1 (10-75)
Prescribed by GSA, Federal Management Circular 74-7

SECTION IV-REMARKS (Please reference the proper item number from Sections I, II or III, if applicable)

STANDARD FORM 424 PAGE 2 (10-75)

FEDERAL ASSISTANCE			2. APPLI- CANT'S APPLI- CATION	a. NUMBER AG-81-1	3. STATE APPLICA- TION IDENTI- FIER	a. NUMBER 28-81-04
1. TYPE OF ACTION (Mark appropriate box) <input type="checkbox"/> PREAPPLICATION <input type="checkbox"/> APPLICATION <input checked="" type="checkbox"/> NOTIFICATION OF INTENT (Opt.) <input type="checkbox"/> REPORT OF FEDERAL ACTION			b. DATE Year month day 19 81 4 2		b. DATE Year month day ASSIGNED 19 81-4-2	
4. LEGAL APPLICANT/RECIPIENT a. Applicant Name : City of Providence b. Organization Unit : Office of Economic Development c. Street/P.O. Box : 77 Washington Street d. City : Providence e. County : Providence f. State : Rhode Island g. ZIP Code: 02903 h. Contact Person (Name & Telephone No.) : Richard R. Torchia 1-401-274-5200					5. FEDERAL EMPLOYER IDENTIFICATION NO. 05-60000329	
7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT Rosenthal Metceram (UDAG Project) Production and product line equipment modernization and expansion at the Rosenthal Metceram Corp. in Providence					6. PRO-GRAM (From Federal Catalog) a. NUMBER 11402118 b. TITLE Urban Development Action Grant	
					8. TYPE OF APPLICANT/RECIPIENT A-State B-Interstate C-Substate District D-County E-City F-School District G-Special Purpose District H-Community Action Agency I-Higher Educational Institution J-Indian Tribe K-Other (Specify): Enter appropriate letter <input checked="" type="checkbox"/> E	
10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.) City of Providence			11. ESTIMATED NUMBER OF PERSONS BENEFITING 156,800		12. TYPE OF APPLICATION A-New B-Renewal C-Revision D-Continuation E-Augmentation Enter appropriate letter <input checked="" type="checkbox"/> A	
13. PROPOSED FUNDING a. FEDERAL \$ 700,000 .00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER * 8,000,000 .00 f. TOTAL \$8,700,000 .00		14. CONGRESSIONAL DISTRICTS OF: a. APPLICANT 1 & 2 b. PROJECT 1 16. PROJECT START DATE Year month day 1981 9 1 17. PROJECT DURATION 48 Months 18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY Year month day 19 81 4 30		15. TYPE OF CHANGE (For 12c or 12e) A-Increase Dollars B-Decrease Dollars C-Increase Duration D-Decrease Duration E-Cancellation F-Other (Specify): NA Enter appropriate letter(s) <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code) Dept. of Housing and Urban Development, Washington, D.C.					21. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No	
22. THE APPLICANT CERTIFIES THAT: a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved. b. If required by OMB Circular A-95 this application was submitted, pursuant to instructions therein, to appropriate clearinghouses and all responses are attached: sponsor (1) R.I. Statewide Planning Program <input type="checkbox"/> <input checked="" type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/>		23. CERTIFYING REPRESENTATIVE a. TYPED NAME AND TITLE Vincent A. Cianci, Jr. Mayor of Providence b. SIGNATURE <i>Vincent A. Cianci</i>		c. DATE SIGNED Year month day 19 81 4 2		
24. AGENCY NAME		25. APPLICA- Year month day TION RECEIVED 19		26. ORGANIZATIONAL UNIT		
27. ADDRESS		28. FEDERAL APPLICATION IDENTIFICATION		29. FEDERAL GRANT IDENTIFICATION		
30. ACTION TAKEN <input type="checkbox"/> a. AWARDED <input type="checkbox"/> b. REJECTED <input type="checkbox"/> c. RETURNED FOR AMENDMENT <input type="checkbox"/> d. DEFERRED <input type="checkbox"/> e. WITHDRAWN		31. FUNDING a. FEDERAL \$.00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER .00 f. TOTAL \$.00		32. ACTION DATE Year month day 19		33. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)
34. STARTING DATE 19		35. Year month day ENDING DATE 19		36. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No		
37. FEDERAL AGENCY A-95 ACTION		a. In taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part 1, OMB Circular A-95, it has been or is being made.		b. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)		

Yes ☐ No ☒

40a. Does applicant have a current Affirmative Action Plan?

Yes ☒ No ☐

40b. Has it been reviewed by the R.I. Commission for Human Rights?

Yes ☐ No ☐

41a. Federal Agency Contact Person

Mark Williams

41b. Telephone Number (202) 755-7362

42. State Agency(s) Funding Project

43. (STATE AGENCY APPLICANTS ONLY)
Has approval under Department of Administration Procedure A-9 been received?

Yes ☐ No ☐

RISPP PAGE 2 SUPPLEMENT TO SF424

NOTICE OF INTENT TO APPLY FOR FEDERAL AID

UNDER OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-95, PART I, PROJECT NOTIFICATION AND REVIEW SYSTEM

RETURN TO:

A-95 Coordinator
Rhode Island Statewide Planning Program
265 Melrose Street
Providence, Rhode Island 02907
(401) 277-2656

44. PROJECT DESCRIPTION (Use additional sheets if necessary)

a. This is a ☒ New Project; ☐ Expansion of an Existing Project; ☐ Refunding of an Existing Project.

b. Purpose of the project: The Rosenthal Metceram Corp. will modernize production and product lines in order to increase market shares in electronic component markets and maintain competition with other manufacturers.

c. What is going to be done (be specific and relate to previous projects and/or supporting planning documents). Rosenthal Metceram will invest \$7.7 million during a four-year period in new equipment and machinery and \$1 million in an addition to present plant facilities at 100 Niantic Avenue.

d. What organization will perform the work or provide the services:

Rosenthal Metceram Corp.

e. What segment of the population will benefit from the proposal (e.g., by age, groups, geographic location or service area):

The entire City of Providence will benefit from increased employment opportunities, no tax revenues, and the strengthening of the industrial base of the City.

f. Brief budget breakdown, to include capital/and administrative costs, and unit costs per client when applicable: The project budget is estimated to be \$8.7 mil

\$7.7 million for equipment and machinery, \$1.0 million for plant expansion. 20% of the project costs will be for administration and engineering.

g. What other agencies will be involved in the project:

None

h. Specific location of the project (Attach a 8 1/2" x 11" reproducible map).

i. If this is a Refunding Proposal, is a Program Evaluation available for review?

Yes ☐ No ☐

45. REVIEW COMMITTEE CONSIDERATION DATE 4-16-81 - Physical Resources Rev

46. ADDITIONAL MATERIAL AVAILABLE FOR REVIEW AT STATEWIDE PLANNING ☐

47. NOTIFICATION OF AGENCIES CONCERNED:

Agency	Notified	Reply Received	Substantive Comment Received
Governor's Office	✓	✓	
Budget Office	✓		
Community Affairs - <i>Planning</i>	✓	✓	
Environmental Management	✓	✓	
Health			
Historical Preservation Commission	✓	✓	
Mental Health, Retardation and Hospitals			
R.I. Commission for Human Rights	✓		
R.I. League of Cities and Towns	✓		
Social and Rehabilitative Services			
Statewide Planning Program	✓	✓	
Transportation	✓		
Water Resources Board	✓	✓	
Equal Employment Office	✓		
Council for Community Services			
Ecology Action for Rhode Island	✓		
Children and Their Families			
Economic Development	✓		
<i>Dept. of Employment Security</i>	—	✓	

48. Summary of Comments and Recommendations

Project Number 28-81-04: Request by the City of Providence for \$700,000 of Dept. of Housing and Urban Development funds, (14.218 Urban Development Action Grant) to be added to \$8,000,000 of other funds for modernization and expansion of production and product line equipment. Total Product Cost: \$8,700,000.

Substantive Comments Received by Clearinghouse: None

Recommendation: This project is in conformance with applicable state plans and conflicts with no other plans of which we are aware.

We recommend that this project be accepted for federal financial assistance.

49. ATTACHMENTS TO THIS FORM

- ☒ Urban Impact Assessment Summary
☒ Copies of Substantive Comments
☐ Other Attachments

Prepared by:

Reu J. Putnam

Date:

4/20/81

NOTE: Section 42-44-6 of the General Laws of Rhode Island requires that municipalities, housing authorities, and human resource development agencies submit a copy of the final application for this project to the Director, Rhode Island Department of Community Affairs, 150 Washington Street, Providence, R.I. 02903

50. Approved by:

William E. Suttles

Per:

Physical Resources Review Committee

Rhode Island Statewide Planning Program

Date:

4/16/81

1. URBAN IMPACT ASSESSMENT (Summary)

	<u>EFFECT</u>		
	<u>Strongly Positive</u>	<u>Strongly Negative</u>	<u>Not highly significant not applicable</u>
1. <u>Urban Economy:</u>			
a. Level of economic activity of established urban centers	✓		
b. Neighborhood conservation and/or revitalization			✓
c. Job opportunities	✓		
d. Municipal fiscal condition and tax base	✓		
2. <u>Other Urban Conditions:</u>			
a. Housing availability			✓
b. Environment			
- Physical			✓
- Cultural			✓
- Aesthetic			✓

Additional Comments

This project plan will increase job opportunities, as well as strengthen the city tax base by expansion of present facilities.

PART II: DESCRIPTION OF PROPOSED PROJECT

6

SECTION A

BRIEF SUMMARY OF PROJECT AND PARTICIPANT

Rosenthal Technik North America is proposing to upgrade the manufacturing capacity and capability of its existing plant in order to compete profitably in quality and price in the electronic ceramics market. Rosenthal Technik is a major supplier to the electronic industry of ceramic packages for transistors, diodes, and other semi-conductor components. In the field of production of ceramic packages for integrated circuits, intense international competition has developed in both production materials and products; modification to and expansion of this facility will enable Rosenthal Technik to maintain and increase its share of these markets, which are threatened with complete domination by the Japanese.

6

The Rosenthal Technik project involves a total expenditure of 9.691 million dollars during a four-year period beginning in 1982. Private financing will total \$7.7 million, which will be divided into approximately \$4.8 million in Industrial Revenue Bonds and \$2.9 million in conventional bank loans. The private financing will be used to purchase new machinery and upgrade equipment necessary in the manufacturing process.

An Action Grant of \$1.6 million will be loaned to Rosenthal Technik by the City of Providence. The Action Grant funds will be used to develop the major portion of a substrate* production capacity at the plant: \$1.0 million will be used for the construction of additional floor space (20,000 square feet), and \$600,000 is for the purpose of a kiln to fire the ceramic material. An interest rate of 7% on the Action Grant loan is requested to enable the company to produce substrates at a competitive price. This will establish a market share and sales volume which will support the entire capital investment program.

6

* A substrate is a thin ceramic wafer on which an integrated circuit is etched.

SECTION B -- DETAILED PROJECT DESCRIPTION

1. Statement of Problems and Objectives:

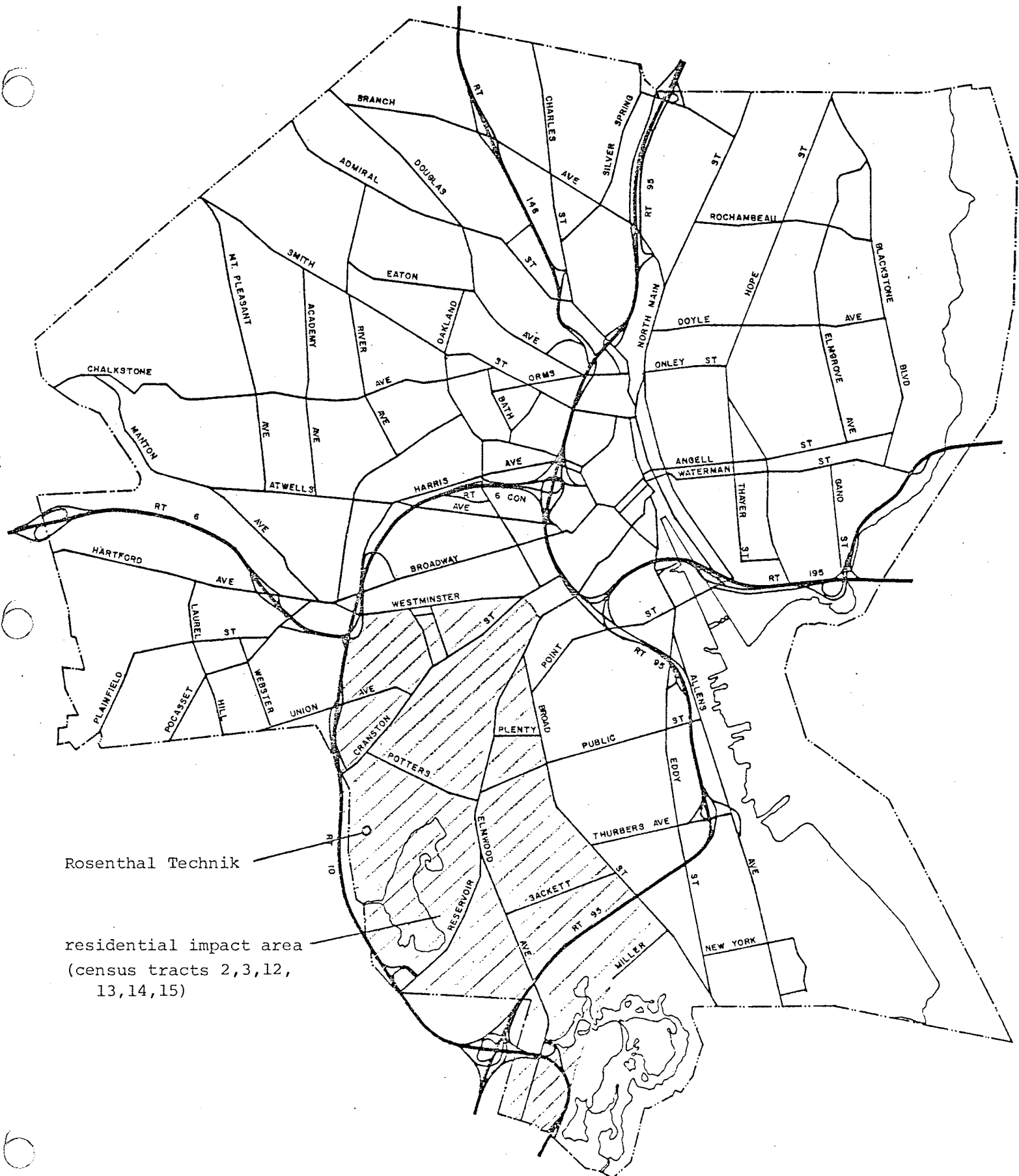
- a. Providence has many deep-seated problems. The municipal government has a \$14 million deficit for the current fiscal year, and the property tax has just been increased from 5.618% to 6.761%. Taxes will be raised again during the next fiscal year to allow the City to maintain present services and repay its unfunded liability of \$6 million to the City pension fund. This fiscal condition is the result of economic stagnation. Providence never fully recovered economically after the exit of the textile industry following World War II; the City has continued to lose jobs and population through the 1970's.

The manufacturing sector, the City's economic base, has been especially hard hit recently. Manufacturing employment as a percentage of total employment has declined from a high of 37.7% to 32.6% in 1980. The real numbers are even starker: total manufacturing jobs declined from 42,378 in 1978 to 34,326 (est.) in 1980, a 19% loss. The decline of the jewelry industry accounts for much of the change.

Providence's economic problems are compounded by its low skill level work force and the consequent fact that wages in the area are 20% lower than in other New England states. Large numbers of Hispanic and Southeast Asian immigrants who require skills-training and contribute little to the tax base create new social strains. Minorities comprise an increasing share of the population as whites continue to leave the City. The vacancy and abandonment rates for residential structures are very high.

The Rosenthal Technik project will help alleviate these problems by providing jobs to an industrial work force which has seen its employment opportunities in the manufacturing sector dwindle. Because Rosenthal Technik's product is in the rapidly growing field of electronics, it is hoped that this project may presage the location of other high technology firms in Providence, thus diversifying the industrial base, and opening an avenue of future employment growth.

PROJECT SITE WITHIN RESIDENTIAL IMPACT AREA



Rosenthal Technik

residential impact area
(census tracts 2,3,12,
13,14,15)

b. Providence has an active economic development program which is handled by the Providence Office of Economic Development (POED). POED has identified several specific opportunities for development and growth, namely industrial development, neighborhood commercial development, downtown development, port development. In its Fourth Year Annual Report, the EDA 302(a) planning staff (also the Planning and Evaluation Division of POED) included the following items among its planning activities for the Fifth Year (starting April 1, 1981).

- Locate specific opportunities for development or more intensive use of land and facilities in Providence's five major industrial districts: ongoing
- Determine the most effective methods to retain and encourage expansion of industry in these industrial districts: ongoing
- Promote an awareness of long-term, cost-effectiveness of subsidies and development projects among the business community and other public agencies: ongoing.
- Pursue possible UDAG projects by searching out projects in the public interest which have qualified and dependable private commitments: ongoing.

The Neighborhood Business Revitalization 1981 Program Management Plan states that the City's goal is "to create and retain jobs and to expand the City's tax base." Listed as a Specific Financing Goal is the submission and approval of "one industrial job development UDAG second mortgage loan totaling \$5 million and creating 300 jobs." Obviously the Rosenthal Technic UDAG helps meet these goals.

c. The Rosenthal Technic project helps Providence reach its economic development objectives by creating and retaining jobs for low-skilled, low and moderate income people. The West End and Elmwood neighborhoods in Providence desperately need such employment opportunities. The income the workers earn will increase patronage at commercial businesses in the

area and help maintain residential units. The project further assists the City's industrial development policy by adding jobs on underutilized but available industrial land. One of the City's major stumbling blocks in recruiting new industry is the simple lack of vacant, buildable land. Because of its location on the grounds of an already existing plant, the Rosenthal Technik project does not use any of the City's scarce available land.

The Office of Economic Development Annual Development Strategy is reproduced as Appendix A.

- d. The City of Providence is heavily dependent on State and Federal aid. It simply does not have the resources to provide many economic development services and incentives on its own. The entire economic development program is funded through an allocation from the Community Development Block Grant. A definite possibility exists that the City will face bankruptcy within a few years.

2. OEDP Conformance

Not applicable.

3. Project Feasibility Analysis

The domestic market for ceramic packages used in the electronics industry which Rosenthal Technik serves is projected to increase from total sales of \$93 million during the current year to a \$154 million total market during the next five years. This 65% growth pattern places the company in a paradoxical position:

- At the moment Rosenthal Technik supplies 24% of the market. In order to maintain this market share, however, Rosenthal Technik must increase sales by 82% by 1985. To increase production by a magnitude great enough to achieve such a sales increase requires a tremendous capital investment.

- The anticipated growth in sales volume of this market, however, is

6
expected to derive almost entirely from increased production of ceramic packages and not from price increases. Price increases to cover rising costs will likely not be possible due to cut-throat price competition from abroad, particularly the Japanese.

In short, Rosenthal Technik must both accommodate the increased demand from customers and maintain current prices. In this situation, the only way to achieve profitability is to attain large economies of scale. This requires large capital investments in equipment to increase production and efficiency.

Specific market and economic feasibility data will be supplied by Rosenthal Technik.

4. Developers and Other Parties:

- 6
- a. Rosenthal Technik North America, Inc., is a wholly owned subsidiary of Rosenthal Technik AG of Germany. Since the purchase of the company in September, 1977, by tender offer from the shareholders of Metceram, Inc., Rosenthal Technik has made capital improvements and production modifications which indicate the capacity to undertake this project.
 - b. This project is the expansion and modernization of an existing manufacturing facility. There are no other parties participating as tenants, developers, etc.
 - c. Rosenthal Technik will perform all functions: secure financing, enter into contracts for the purchase of equipment and machinery and for the construction of an addition, and occupy and utilize the resulting facility.
 - d. In Summary:
 - There are no leasing arrangements.
 - No elected official or municipal employee has any relationship to the project.
 - Rosenthal Technik has the staff capability to implement and complete the project. The company estimates that \$120,000 will be spent to oversee the successful completion of this project.
 - The company is not involved with any other project in the area.
- 6

5. Consultants

Rosenthal Technik has contracted with ABD Securities Corporation, an investment banking firm jointly owned by Bayerische Hypotheken - Und Wechselbank AG and Dresdner Bank AG, for financial advisory and debt placement services.

6. Primary Projects Description

a. Project and Transaction Description

The Rosenthal Technik Action Grant Project has a very clear objective: to permit the company to continue as a viable manufacturer of ceramic material. To achieve this objective, Rosenthal Technik must produce an increasingly large volume of product of higher quality while being price competitive with foreign manufacturers which are now capable of producing a similar product at lower cost in similar volume.

The operations of the project are to be completed during a four year period: the chart on the following page presents the sequencing and cost of each operation.

The operations can be summarized in three general categories: the physical expansion of the existing plant; purchase of new equipment for substrate production; and purchases of new machinery and modifications to existing machinery and equipment for increased volume production and improved efficiency and quality control.

The construction of the 20,000 square foot bi-level addition will have a multiple effect. The additional manufacturing space will accommodate the addition of substrate production. By moving administrative offices to the new second level, and placing substrate production facilities in the existing administrative area, the cost effectiveness of multi-story construction is achieved, and by using the addition's ground floor level for the kiln drying of substrate ceramics, energy efficiency is increased by heating the office area with heat drawn from the kiln room.

The equipment purchases for substrate production will total

\$2.950 million. This special order, custom built production equipment consists of the tape Casting and Milling Equipment, kiln, and other related items.

The third category, purchase of new equipment and modifications to existing machinery, includes Kiln Modifications, Chip Carrier Line, Plating Room Modifications, New Package Line and Miscellaneous New and Replacement Equipment.

Rosenthal Technik will have ownership of and operating responsibility for all improvements.

b. Site Information

Rosenthal Technik presently owns the land to be used for the project. The following maps show the details of the present and proposed land use at the site, and the site in relationship to the larger area.

The site at 100 Niantic Avenue is fully serviced industrial land, is zoned for industrial use, and no improvements to services will be part of the project.

c. The site of the Rosenthal Technik Action Grant Project is owned by the company. The existing building consists of 82,000 square feet: the site and improvements were purchased by Rosenthal Technik in 1977 from Metceram.

d. Administration

Rosenthal Technik will be administering the project and contracting for all improvements and purchases. The individual responsible for overall project management will be:

Paul M. O'Brien
Vice President of Finance
Rosenthal Technik North America
100 Niantic Avenue
Providence, R.I.
(401) 943-2200

The Office of Economic Development, City of Providence, will have responsibility for arrangements concerning the loan to Rosenthal Technik

made available through the Action Grant Program. This will include loan contract preparations, loan servicing arrangements through a local bank, assurance of compliance with HUD requirements, and any other City responsibilities under the terms of the Action Grant agreement. This administration is the responsibility of:

Richard R. Torchia, Director
Office of Economic Development
77 Washington Street
Providence, R.I. 02903
(401) 274-5200

e. Necessity of the Action Grant

The Action Grant of \$1.6 million at an annual interest rate of 7% will allow Rosenthal Technik to be cost competitive in the marketing of substrates. The competitive aspect of price is critical to domestic market penetration.

The Company is currently being supplied by an affiliated German company, and the cost burden of duty and freight has resulted in a non-competitive price to customers; duty and freight currently approximate a 26% addition to the cost of manufacture. In addition, the growing demand for substrates prevents Rosenthal Technik from purchasing substrates in volume at any price, and no long term supplier is assured.

It is anticipated that with domestic manufacture, with facilities financed in part by a 7% fixed interest rate loan, Rosenthal Technik will be able to be price competitive, thus permitting the company to develop the volume and revenues necessary to offset the high fixed costs of current operations.

To reach high volume production and sales capacities, the substrate production must be expediently established. The entire capital investment program outlined for 1982-85 is contingent upon reaching a sales volume level which is dependent upon the substrate production capabilities. Without the Action Grant loan at a below-market interest rate for substrate production, Rosenthal Technik would be unable to achieve the requisite

6 sales and revenue volumes, and, therefore, the company's continued existence would be questionable.

After extensive discussions with the Rosenthal technik management, an examination of the company's financial circumstances, and a careful consideration of any alternative methods of achieving the same desired effect of creating a competitive cost and sales structure for the company, it is the opinion of the applicant that unless an Action Grant is received the Rosenthal Technik project will not proceed.



7. Project Financing

SOURCES AND USES OF FUNDS FOR PROJECT

Instructions: For projects which consist of only one transactions, complete this page only. For projects with multiple transactions, complete this page as a summary and a copy of part 2 for each transaction.

PROJECT BUDGET -- SUMMARY OF PROPOSED EXPENDITURES				
(000's omitted) Line Item Activity	SOURCES OF FUNDS			
	UDAG Funds	Private Funds	Other Funds (Specify)	Total
a. Land Acquisition				-0-
b. Relocation of Persons and Businesses				-0-
c. Clearance and Demolition	100			100
d. Streets & Site Improvements	100			100
e. Water and Sewer Facilities				-0-
f. Foundations and Platforms	200			200
g. Parking Facilities				-0-
h. Pedestrian Malls				-0-
i. Capital Equipment	600	7,705		8,305
j. Professional Fees		112		112
k. Real Estate Taxes, Construction Period Interest, Organization Costs, etc.		274		274
l. Building erection	600			600
m.				
n. Administration				
o. Cost Subtotal (Sum of lines a.-n.)				
p. Contingencies				
q. Totals by Source (Sum of lines o. + p.)				
r. Program Income from Land Disposition	()			()
s. TOTAL PROJECT COSTS (Sum of lines q. + r.)	1,600	8,091	-	9,691

*This form constitutes the response to Part II.B.7.a.

UDAG FORM 2*

ESTIMATED LEVERAGE RATIO

Instructions: For projects which consist of one transaction, complete this form. For projects with multiple transactions, complete a separate sheet for each transaction and a sheet which summarizes all transactions.

	Check appropriate box: <input checked="" type="checkbox"/> Project Summary <input type="checkbox"/> Transaction No. _____ Name: _____
TOTAL PROJECT OR TRANSACTION COSTS	
1. (If Summary, take from Form 1, Part 1, Line s. If Transaction, take from Form 1, Part 2, Line s.)	9,691
INFLOWS:	
2. Private Investment	-
3. Private Debt from Lenders	8,091
4. Subtotal--Private Sources (2+3)	8,091
5. Action Grant	1,600
6. Leverage Ratio (4+5)	5.1
7. Other Sources (e.g., other federal, state, local, and project income)	-0-
8. TOTAL INFLOWS (4+5+7) should equal total outlays (Item 1)	9,691
9. Additional Spinoff Private Investment Anticipated as a Result of Project	-0-

*This form constitutes the response to Part II.B.7.b.

Page 1 of 1

**Rosenthal Technik
North America, Inc.**

100 Niantic Avenue
Providence,
Rhode Island 02907
Tel: (401) 943-2200
Telex: 927-718

April 30, 1981

The Honorable Vincent A. Cianci, Jr.
Mayor of the City of Providence
City Hall
Providence, Rhode Island 02903

Dear Mayor Cianci:

This letter confirms our desire to obtain an Action Grant from the City of Providence to cover capital expenditures we have planned during the years 1982 thru 1985.

We, at Rosenthal Technik North America, Inc., have put together a total project of 9.6 million dollars spread over the above mentioned years. It is our desire to receive an Action Grant from the City of Providence of 1.6 million dollars to enable us to go forward with capital expenditures.

Currently, we are competing in a marketplace that is 80% to 90% dominated by Japanese competition. To achieve a position in that marketplace strong enough to outweigh our very high fixed costs, the project, as described in the application, is necessary. It is also felt, not only by ourselves, but by our customers, that we have the technical ability necessary to be a reliable supplier of volumn packages and substrates, but at the present time we lack the machinery and space. The Action Grant funds at an interest rate of 7% will not only allow us to produce the volumn necessary, but will enable us to be competitive with regard to price in the marketplace. Action Grant funds, as laid out in the application, will be spent on a building addition of approximately 20,000 sq. ft. and on a kiln (furnace) large enough to fire our ceramic material used in the production of substrates. In-house manufacture of substrates coupled with our traditional line of ceramic packages will allow us to service a market that we have only made slight penetration in the past.

We currently employ 330 individuals at our plant on Niantic Avenue. Action Grant funds coupled with private financing will allow us to increase employment by 180 individuals on a full time basis, thus allowing a labor force of 510 people which will be the nucleus for our production in the future. Without the Action Grant funds as the foundation of our financial package we will be ultimately forced to reduce our current employment level in the area of 120 individuals. Fixed costs, including personnel, are so high that without the volumn necessary to overcome them we will have to cut back in many areas which, in itself, may ultimately put the entire company in jeopardy.


The Honorable Vincent A. Cianci, Jr.
April 30, 1981
Page 2

As shown on the enclosed inducement letters from Hypo Bank in New York, we have arranged the additional commitments necessary to complete the financing of the project. These funds are also contingent upon successful negotiations for securing Action Grant funds.

Rosenthal Technik North America, Inc. is responsible for the project and is committed to spending the 9.6 million dollars over the life of the project. We are also willing to sign a legally binding agreement, once the Action Grant funds have been awarded, to fulfill our total commitment to the project.

Respectfully yours,

ROSENTHAL TECHNIK NORTH AMERICA, INC.



Paul M. O'Brien
Vice President, Finance

PMO:dlt
Enclosures

(2) Financial Statement

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An audited financial statement will be submitted to the Office of Action Grants for confidential review after May 1, 1981, the date when it will be received by Rosenthal Technik from its accountants.

(3) Loan Application

No loan application has been prepared.

(4) Recapture

Action Grant funds are to be loaned to Rosenthal Technik, which will repay the full amount to the City of Providence.

- The City of Providence, through its Office of Economic Development, will arrange for the disbursement of grant proceeds through a local servicing bank to Rosenthal Technik. Disbursements will be made in accordance with standard banking procedures.
 - The entire Action Grant of \$1.6 million will be fully disbursed by November of 1982, when the building addition has been completed and substrate production equipment is in place. This amount will be recaptured, plus interest.
 - Due to outstanding loan agreements between Rosenthal Technik and Rhode Island Hospital Trust Bank, and under the terms of the private lender investing in this project, the security position of the City is not clear at the moment. However, it is anticipated that the City will have second security interest on all equipment purchased with the Action Grant loan, pursuant to the U.C.C. of the State of Rhode Island, and third security interest on all real estate owned by Rosenthal Technik at 100 Niantic Avenue.
 - Collection will be the responsibility of the local bank which will have the authorization to pursue all legal avenues to insure repayment.
 - The recaptured Action Grant funds will be placed in the City of Providence's Revolving Loan Fund, administered by the Providence Local Development Corporation, and will be made available to local commercial and industrial firms on a city-wide basis. The Revolving Loan Fund, established in 1980, is presently funded by the Community
- 6

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Development Block Grant Program. A brochure outlining the fund is attached as Exhibit A.

d. Evidence of Commitments from Private Lender.

The following letter states the commitment of Bayerische Hypotheken Und Wechsel Bank AG to make a \$2.9 million term loan to Rosenthal Technik subject to Action Grant funding of the project. The type and purpose of the loan are stated in the letter. The terms will be supplemented when an audited financial statement is made available to the bank after May 1, 1981, when it is submitted by accountants.

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Rosenthal Technik
North America, Inc.
100 Niantic Avenue
Providence RI 02907

NEW YORK BRANCH
Wall Street Plaza
New York, N.Y. ~~10268~~ 10005
Postal Address:
P.O. Box 610 - Wall Street Station
New York, N.Y. 10268/USA
Phone: Forex (212) 248-0695
General (212) 248-0650
Cable Address: hypobank Nyk
Telex: Forex RCA 233605 Hybk
General WU Dom. 640146
WU Int'l. 667323
RCA Int'l. 233604
ITT Int'l. 424375

Please address reply to KS:BK your ref.

April 30, 1981

Gentlemen:

We are pleased to confirm that the Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft, New York Branch ("Hypo Bank"), will make a term loan to Rosenthal Technik North America, Inc. ("Rosenthal", the "Company"). The loan will permit the modification and improvement of an existing kiln room (including gas supply, bakeout, heat reclamation and insulation), the upgrading and expansion of a plating room, and the ordering of new equipment as described in the Urban Development Action Grant application of the City of Providence, Rhode Island.

The loan will be subject to the following terms and conditions:

1. Action Grant Funds: The receipt by the City of Providence of \$1,600,000 in Urban Development Action Grant funds at a maximum interest rate of 7.0% for a period of thirty years.
2. Loan Terms: The loan is to be in the aggregate amount of \$2,900,000. Terms and conditions will be determined upon receipt of the company's cash-flow projection.
3. Prepayment: On thirty days' prior written notice, the Company has the right to prepay the loan in full at the termination of each rollover period during the loan year without penalty.
4. Security: The loan will be secured by a valid first mortgage lien on the above-described equipment, an unconditional guarantee of Rosenthal AG for full and prompt payment of principal and interest on the loan; subject to negotiation with the City of Providence with regard to the ranking, a valid mortgage lien on a building addition and kiln which is expected to be funded by an Urban Development Action Grant, as well as by a first ranking mortgage from Rosenthal AG, Germany, on premises in Germany.

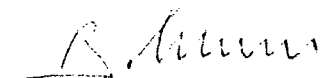
5. Insurance: Insurance covering the above equipment is to be furnished to Hypo Bank in form, type of casualty, insurer and accounts satisfactory to management, and all policies are to be held by, for the benefit of and first payable in case of loss to Hypo Bank.
6. Plans and Specifications: Expenditures: Expenditures described above are to be made according to stated plans and specifications. Any subsequent changes shall require the approval of Hypo Bank.
7. Documentation, Closing Cost, Counsel Fees: This commitment will be subject to the approval of Hypo Bank's Counsel and requires proper certification of title, legality and the form and substance of all mortgage documents. All closing costs including fees and expenses of local counsel of Hypo Bank's selection are to be paid by the borrower whether or not the transaction is completed.
8. Closing: This commitment is subject to the approval of the Urban Development Action Grant application.
9. Acceptance: Please signify acceptance of this agreement by signing and returning an enclosed copy to us, whereupon this letter agreement shall constitute a binding obligation upon Hypo Bank to lend and Rosenthal to borrow in accordance with the Terms and conditions herein stated.
10. Assignability: This commitment shall not be assignable or otherwise transferable by the borrower.

Hypo Bank understands that this bank loan constitutes \$2,900,000 of \$9,300,000 in total project costs involved in the Action Grant application as proposed by Rosenthal. Hypo Bank further understands that the Company will be pursuing other alternatives with regard to the \$4.8 million balance of project costs, including possible funding through Industrial Development Revenue Bonds (see attached letter).

Hypo Bank is willing to execute a legally binding agreement for this term bank loan on approval of the City of Providence's Urban Development Action Grant application. Hypo Bank is pleased to have the opportunity to provide long-term financing for this project and looks forward to continuing our pleasant relationship in working toward the disbursement of this loan.

Very truly yours,

BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK
AKTIENGESELLSCHAFT
NEW YORK BRANCH



Dr. E. W. Bollinger
Exec. Vice President



Klaus Schmeil
Asst. Vice President

Encl.

e. Other Public Financial Assistance

- (1) As indicated on the attached UDAG Form 3, Rosenthal Technik will be submitting an application to the Rhode Island Industrial Facilities Corporation for the financing of equipment purchases through the issue of Industrial Revenue Bonds totalling \$4.8 million. This application will be submitted on May 1, 1981, and approval is expected at the Corporation's Board meeting on May 21, 1981. The IRB issue, once approved by the Industrial Facilities Corporation Board, will be purchased by Bayerische Hypotheken Und Wechsel Bank AG.

UDAG FORM 3*

OTHER PUBLIC FINANCIAL ASSISTANCE SUMMARY

Instructions: Complete one row to describe each kind of public financial assistance used in the proposed project.

Public Entity, Program Title, Contact Person, Address/Telephone (A)	Amount (B)	Type of Assistance (e.g. loan, grant, guarantee) (C)	Recipient (Person, firm, or entity) (D)	Nature and extent of activity to be financed by other public sources; spender; transaction name and number (E)	Funding Status		
					Committed (F)	Pending (G)	Application not Submitted (H)
Industrial Facilities Corporation Mr. VanNolan R.I. Department of Economic Development (401) 277-2601	\$4.8 Million	Loan for equipment by IRB issue	Rosenthal Technik, N.A.				Application submitted May 1, 198

*This form constitutes the response to Part II.B.7.e.(1).

- 6
- (2) The Industrial Facilities Corporation will issue its endorsement letter after the May 21 meeting. At that time the appropriate resolution will be submitted to HUD with bond counsel's opinion. A letter from Bayerische Hypotheken Und Wechsel Bank AG committing itself to the purchase of the bonds, subject to conditions as indicated, follows.

Rosenthal Technik
North America, Inc.
100 Niantic Avenue
Providence RI 02907

NEW YORK BRANCH
Wall Street Plaza
New York, N.Y. 10268
Postal Address:
P.O. Box 610 - Wall Street Station
New York, N.Y. 10268/USA
Phone: Forex (212) 248-0695
General (212) 248-0650
Cable Address: hypobank Nyk
Telex: Forex RCA 233605 Hybk
General WU Dom. 640146
WU Int'l. 667323
RCA Int'l. 233604
ITT Int'l. 424375

Please address reply to KS:BK

your ref.

April 30, 1981

Gentlemen:

The Bayerische Hypotheken- und Wechsel-Bank AG of Munich, West Germany ("Hypo Bank") has been approached by ABD Securities Corporation, New York, with regard to an Industrial Development Bond ("IRB") financing for the acquisition of new equipment for Rosenthal Technik North America, Inc. ("Rosenthal", the "Company") as described in the Urban Development Action Grant application of the City of Providence, Rhode Island.

We hereby confirm that Hypo Bank would be prepared to proceed with the purchase of the Bonds subject to the following terms and conditions:

<u>Issuer:</u>	Rhode Island Industrial Facilities Corporation
<u>Issuance:</u>	\$4.8 million Industrial Development Revenue Bonds ("Bonds")
<u>Investor:</u>	Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft New York Branch ("Hypo Bank")
<u>Lessee:</u>	Rosenthal Technik North America, Inc.
<u>Purpose of Financing:</u>	Purchase of equipment and machinery
<u>Terms of Financing:</u>	15 years
<u>Amortization:</u>	Payable in equal installments, commencing three years after the closing date
<u>Interest Rate:</u>	62% of Hypo Bank's floating prime rate as in effect from time to time, exempt from Federal Income Tax.

Interest Payment: Quarterly

Grace Period: Three years

Commitment Fee: 1/2% per annum, commencing on the acceptance date of the offer

Prepayment: On thirty days' prior written notice, the Company has the right to prepay the loan at par.

Lease Payment: The Bonds will be issued by the Issuer on behalf of the Lessee who will lease the project from the Issuer. The Lease Agreement - parties to which are the Lessee and the Issuer - will provide for lease payments sufficient to pay the debt service (principal and interest) on the Bonds when issued.

Security:

- a. Pledge of the Lease Agreement to the Investor
- b. Lien on the above described equipment and, subject to the negotiation with the City of Providence with regard to the ranking, an enforceable mortgage lien on building addition and kiln, which is expected to be funded by an Urban Development Action Grant.
- c. Unconditional guarantee of Rosenthal AG for the full and prompt payment of principal and interest on the Bonds.
- d. First ranking mortgage from Rosenthal AG, Germany, on premises in Germany.

Bond Agreement: The Bonds will be subject to the provisions of a Bond Agreement to be entered into by the Issuer and Hypo Bank. The Agreement will provide for a pledge of the rights to receive payments thereunder, and title to the Project's Assets, all to Hypo Bank, subject to negotiations with the City of Providence.

It is understood that prior to closing, Hypo Bank will have received the Bond Agreement, all other Agreements, an unconditional guarantee from Rosenthal AG, all other supporting documentation as well as an opinion of Bond Counsel as to the Bonds' exemption from federal taxation. In addition, we would expect to receive favorable opinions of Counsel as to all of the above documents, all of which would in all respects be acceptable to Hypo Bank and its Counsel.

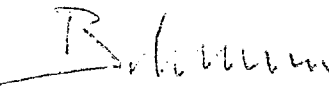
The Company will pay all reasonable out-of-pocket expenses incurred by Hypo Bank (including the reasonable fees and out-of-pocket expenses of Counsel to Hypo Bank) in connection with the preparation of the Agreements and documentations referred to herein.

Hypo Bank understands that this IRB financing constitutes \$4.8 million of \$9,300,000 in total project costs described in the Action Grant Application as proposed by Rosenthal. We further understand that the Company is pursuing other alternatives with regard to the \$2.9 million balance of project cost, including a possible bank term loan (see appended letter addressing proposed \$2.9 million loan). Hypo Bank is willing to execute a legally binding agreement on approval of the City of Providence's Urban Development Action Grant application.

It is our understanding that Rosenthal's acceptance of this offer will continue our ongoing business relationship.

Very truly yours,

BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK
AKTIENGESELLSCHAFT
NEW YORK BRANCH



Dr. E.W. Bollinger
Exec. Vice President



Klaus Schmeil
Asst. Vice President

ACCEPTED AND AGREED:

BY: _____

TITLE: _____

DATE: _____

(3) Evidence of Commitments

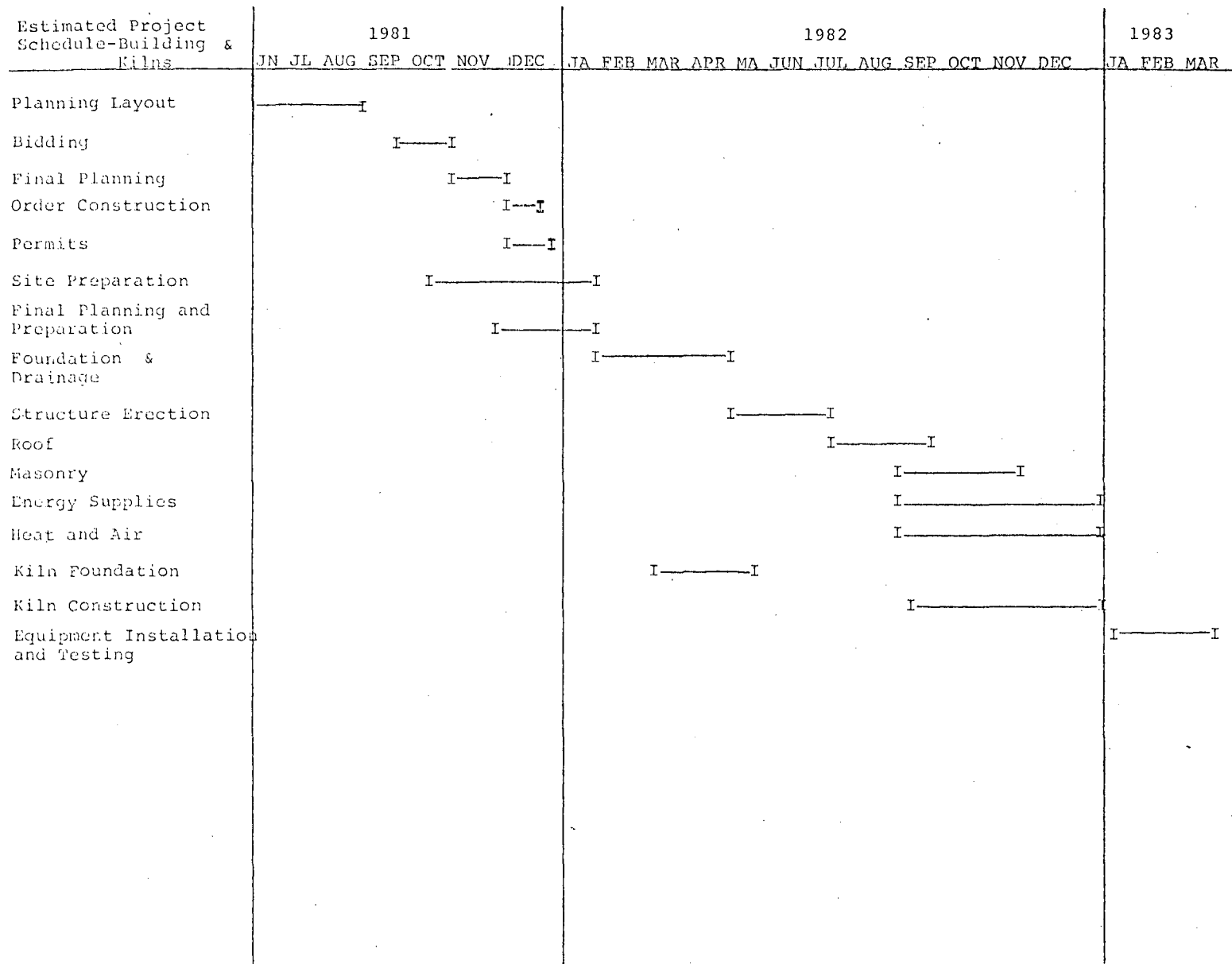
The Industrial Facilities Corporation will submit the requested evidence of commitment after approval of Rosenthal Technik's application for IRB financing on May 21st.

f. Additional Funds

There are no present plans for alternate public or private financial arrangements.

Details of Project Expenditures and Sources of Financing

	Total Project Expenditures	Funding		
		(1.6M) UDAG	(4.8M) IRB	Additional Funds
<u>1982</u>				
Building	1000K	1000K		
Construction Interest	128		128K	
Professional Fees	112		112	
Cash Flow	480		480	
Normal Items	550		550	
New Package Line	700		700	
Chip Carrier Tooling	400		400	
Other Machinery	30		30	
	<u>3400K</u>	<u>1000</u>	<u>2400</u>	
<u>1983</u>				
Substrate Kilns	600	600		
Normal Items	575		575	
Kiln Room Upgrade	200		200	
Chip Carrier Tooling	300		300	
Plating Room Upgrade	460		460	
Tape Casting Equipment	560		560	
Laser cut	160		160	
	<u>2855K</u>	<u>600</u>	<u>2255</u>	
Total UDAG		<u>1600K</u>		
<u>1984</u>				
Normal Items	600		145	455K
New Package Line	800			800
Kiln Room Upgrade	150			150
Chip Carrier Tooling	200			200
Other Substrate	500			500
	<u>2250K</u>		<u>145</u>	<u>2105</u>
Total IRB			<u>4800K</u>	
<u>1985</u>				
Normal Items	650			650
New Package Modifications	200			200
Kiln Room Modifications	100			100
Chip Carrier Line	200			200
	<u>1150K</u>			<u>1150K</u>



PART III : EVIDENCE OF MEETING PROGRAM OBJECTIVES

ALLEVIATION OF PHYSICAL DISTRESS

Instructions: In this form, complete all items that are applicable to the proposed project. If an item is not applicable to the project, insert "N/A." Attach additional pages to complete your responses if necessary, and indicate the item on Form 4 to which the additional response refers.

1. Residential Projects Not applicable

	New Construction (A)		Rehabilitation (B)		Demolished (% Substandard) (C)	Historic** Restoration (D)
	Single Family	Multi- Family	Single Family	Multi- Family		
No. Units						
No. Occu- pants be- fore pro- ject						
No. Occu- pants after pro- ject com- pleted						

2. Commercial/Industrial Projects

Acres Cleared

-0-

No. Buildings Demolished
(% Substandard)

-0-

Total Square Footage Demolished

-0-

Percent Occupied Before
Demolition

-0-

	New Construction (A)	Rehabilitation (B)	Historic Restoration*** (C)
No. Buildings	1 (addition)		
Total Square Footage	20,000 sq. ft.		

* This form constitutes the response to Part III.A.

** For residential historic restoration projects, include the number of units and occupants in Column D and Column A or B.

*** For commercial or industrial historic restoration projects, include information in Column C and Column B.

3. Projects with Infrastructure Components

	Water (A)	Sewer (B)	Sanitary (C)
Linear feet of new pipe	-0-	-0-	-0-
Linear feet of pipe replaced	-0-	-0-	-0-

Capacity added (units served,
mgd, or other standard)

- Residential

- Commercial

- Industrial

Total Capacity Added

-	-	-
-	-	-
-	-	-
-	-	-

4. Projects with Beautification and Street Improvement Components

Describe beautification and street improvement efforts in the proposed project. Indicate the scope of the project by citing the type and amount of work undertaken on new streets, resurfacing, widening, sidewalks, street lights, benches, landscaping, etc. Contrast the proposed new facilities with existing conditions.

Not applicable

UDAG FORM 5*

ALLEVIATION OF ECONOMIC DISTRESS

Instructions: In this form, complete all items that are applicable to the proposed project. If an item is not applicable to the proposed project, insert "N/A." Attach additional pages to complete your responses to questions 2 and 3 if necessary, and indicate the item on Form 5 to which the additional response refers. For purposes of this application, jobs should be stated in Full Time Equivalents i.e., two half-time jobs equal one full time equivalent (FTE) job.

1. Job Creation Potential of Proposed Project

A. Permanent Jobs

- (1) New jobs
- (2) CETA** Subsidized new jobs
- (3) Jobs retained
- (4) Jobs transferred to project area
- (5) Jobs transferred out of project area
- (6) Total permanent jobs
- (7) % Private sector
- (8) % Public sector
- (9) % CETA** subsidized
- (10) Average Salary/Wage

Low & Mod. Income (A)	Middle Income (B)	Upper Income (C)	Total (D)
132	32	16	180
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
132	32	16	180
100	100	100	100
-	-	-	-
-	-	-	-
8902/yr	14185/yr	20800/yr	-

B. Temporary Jobs (Estimated)

- (11) Construction jobs created
- (12) Other temporary jobs
- (13) Total temporary jobs
- (14) % Private sector
- (15) % Public sector
- (16) % CETA subsidized
- (17) Average Salary/Wage

-	34	-	34
-	-	-	-
-	34	-	34
-	100	-	100
-	-	-	-
-	-	-	-
-	16000/yr	-	-

* This form constitutes the response to Part III.B.1.

** Comprehensive Employment and Training Act. The number of new CETA jobs should appear on line (2) and should also be included in the total new jobs on line (1).

2. Increase in Business Activity

Describe the increase in the dollar volume of retail sales or other business activity in the community expected to result from the proposed project in both absolute and percentage terms. Indicate the expected percentage of total retail sales or other business activity in the area which the proposed project will capture.

Please refer to Section III.D.3: Effect of the Proposed Project.

3. Other Economic Indicators

If there are any other specific indicators of the overall alleviation of economic distress in the community which will result from the proposed project, please describe them. For example: reduction of population outmigration or housing overcrowding, or the replacement of abandoned buildings.

Please refer to Section II.B.1.a.

Method of Calculation:

The Permanent Job information has been provided by Rosenthal Technik and is based on the number of new employees to be added in production, supervisory, and administrative positions created by additions to product line (substrate production) and overall expansion. Average Salary/Wage data is calculated using existing payroll information.

The Temporary Jobs figures are estimates: the company estimates that 55% of total cost of the 20,000 sq. ft. building addition will be in labor, and that the average construction wage is \$16,000.

UDAG FORM 6*

FISCAL IMPROVEMENT

Instructions: In this form, complete all items that are applicable to the proposed project. If an item is not applicable to the proposed project insert "N/A." Attach additional pages to complete your response if necessary, and indicate the item on Form 6 to which the additional response refers.

	Dollar** Increase or (Decrease)
a. Value of property added to tax rolls by proposed project	1,000,000
b. Less: Reduction in assessed value from demolition and other changes	-
c. NET INCREASE OF VALUE ADDED TO TAX ROLLS	1,000,000
d. Incremental Tax Revenue (line a x Local Tax Rate)	67,610
e. Sales Tax	-
-- State	-
-- Local	-
-- Special	-
f. Income Tax	-
-- Personal	-
-- Corporate	-
g. Personal Property Tax	-
h. Payments in Lieu of Taxes	-
i. Increase in Taxes (d + e + f + g + h)	67,610
j. Less: Reduced collections in categories e through h due to demolitions, closings, etc.	-
k. NET INCREASE IN TAX COLLECTIONS (i-j)	67,610
l. NET INCREASE/\$000 IN UDAG	\$42.25

* This form constitutes the response to Part III.C.1.

** Base information on fiscal improvement on an estimate of circumstances in the first year after Action Grant project completion.

2. Return to Local Government

- a. Increase in annual tax revenue to local government*
- b. Total expected investment by local government
- c. "Return on Investment" to local government (a÷b)

DOLLARS
67,610
1,600,000
4.2%

3. Tax Breaks

Describe tax abatement packages which have been offered to businesses and homeowners in connection with the project. Include names or categories of beneficiaries, the term of each package, how the tax reduction is structured, and the total annual value of the offer. If payments in lieu of taxes (PILOT) are involved, describe the proposed terms. NOTE: Increased tax base is a selection criterion for Action Grants.

Not applicable.

4. General Tax Reductions

If any reduction in taxes unrelated to the project (e.g., a drop in the tax rate for homeowners in the municipality) is included as a part of the overall plan for the project, describe the terms of the reduction and the reasons that it is appropriate.

Not applicable.

* Base this increase on an estimate of the circumstances in the first year after Action Grant Project completion.

Method of Calculation

The Rosenthal Technik Project is primarily for the purchase of manufacturer's equipment, which is tax exempt by State law.

The building addition will be taxed at full value, estimated to be \$1,000,000, at the full property tax rate of \$67.61 per thousand.

SECTION D -- IMPACT ON THE SPECIAL PROBLEMS
OF LOW AND MODERATE INCOME PERSONS AND MINORITIES

1. Demographic Data

Population

The Preliminary Counts of the 1980 US Census show Providence to have a total population of 151,538 persons. This is a 15.4% decline from the 1970 total of 179,116.^B

According to State projections for the fiscal year beginning October 1, 1981, the population can be broken down as follows:^D

	Number	Percent
Total	146,042	100.0
<u>SEX:</u>		
Male	68,231	46.7
Female	77,811	53.3
<u>AGE:</u>		
19 & under	44,104	30.2
20-21	5,762	3.9
22-44	39,596	27.1
45-54	14,628	10.0
55 & over	41,952	38.7
<u>RACE/ETHNIC GROUP:</u>		
White*	127,343	87.2
Black*	16,859	11.5
Indian & Asian	1,841	1.3
*including Hispanics		

Referenced data has been obtained from the following sources:

- A. R.L. Polk Company Profiles of Change 1977-78.
- B. Preliminary Counts, US Census 1980.
- C. City of Providence, Dept. of Planning and Urban Development.
- D. State of Rhode Island, Dept. of Employment Security.
- E. City of Providence, Mayor's Office of Community Development.

Income

Pending the publication of 1980 Census data, the most recent income statistics for Providence are from the 1978 edition of R.L. Polk Company's Profiles of Change. The average total household income for that year was \$13,474. Income is derived by substituting standard salary for the occupation reported by the respondent. Aggregate income dropped by .99% from 1977 and the percent of lower income households (80% of the area median) in 1978 was 49.66.^A

Disparities in income between minority groups are revealed by calculating the number of persons in each group who fall below the OMB poverty guideline.^D

white	11,746
black	7,365
Hispanic	2,345
Indian & Asian	<u>2,226</u>
Total	23,682

Although only 11.5% of the population, blacks constitute 31% of the city's poor. Of the black population itself, fully 43% are impoverished. The number of low-income persons is conservative as OMB poverty guidelines are unrealistically low.

Unemployment

The seasonally unadjusted unemployment rate in Providence for all of 1980 was 7.8%, versus a national rate of 7.1%. The following table illustrates the disparities in unemployment among minority groups.

	<u>Percent Distribution</u>		<u>unemployment rate</u>
	<u>labor force</u>	<u>unemployed</u>	
white	92.1	91.1	7.7
black	7.0	8.2	9.1
other races	0.9	0.7	6.1
Spanish American	0.7	0.9	9.8
minority group (sum of all races except white)	<u>8.6</u>	<u>9.8</u>	<u>8.9</u>
Total	100.0	100.0	7.8

Compared to whites, blacks and Hispanics have a significantly higher unemployment rate.

Housing

As determined by the 1975 Exterior Housing Condition Survey by the City's Department of Planning and Urban Development, only 42.3% of all structures were rated better than satisfactory. Housing conditions since 1975 at best have been maintained or have deteriorated.^C

1975 HOUSING CONDITIONS SURVEY DEPT. PLANNING AND URBAN DEVELOPMENT

	<u>Total Units</u>	<u>Excellent</u>	<u>Good</u>	<u>Satisfactory</u>	<u>Deteriorated</u>	<u>Dilapidated</u>	<u>Abandoned</u>
Number	64,855	9,560	17,916	23,681	12,817	351	550
Percent	100.0	14.7	27.6	36.5	19.8	.5	.8

2. Participation of Minorities

At this time, no special plans are being made to assure the participation of minorities in the development process. Minority-owned businesses will, of course, be free to compete for construction or service contracts.

Once the project is completed, there will be good opportunity for permanent minority employment in the factory. The current workforce has a heavy representation of women and minorities, especially Hispanics. Rosenthal Technik expects to approach the local Spanish Coalition, as it has in the past, when recruiting new workers.

3. Residential Neighborhood Impact Statement

The area on which the Rosenthal Technik addition will have the greatest impact is the combined West End, Reservoir, Elmwood, and South Elmwood neighborhoods (census tracts 2, 3, 12, 13, 14, 15). The impact area is heavily populated with low and moderate income households; the West End and Elmwood have been designated Neighborhood Strategy Areas for the Community Development Block Grant program.

Population

The impact area's population in 1980 was 25,897, a 15.9% drop since 1970.^B The area has large minority concentrations:^E

	Number	Percent
White	9,623	37.2
Black	8,272	31.9
Hispanic	7,350	28.4
Indian, Asian, other	<u>652</u>	<u>2.5</u>
Total	25,897	100.0

Housing

The City of Providence lost .8% of its housing units in the decade 1970-80; the impact area, by contrast, lost 5.7%. The vacancy rate for the impact area is 14.6%; in the City as a whole it is only 11.6%.^B The condition of housing in the area, as evaluated in the City's 1975 Housing Condition Survey, equally shows the effect of economic stagnation on its residential stock. Twenty-six percent of the impact area's housing is rated excellent versus 15% for the City.^C

1975 HOUSING CONDITIONS SURVEY

	<u>Excellent</u>	<u>Good</u>	<u>Satisfactory</u>	<u>Deteriorated</u>	<u>Dilapidated</u>	<u>Abandoned</u>
Impact area	4.5	27.0	40.9	25.6	.8	1.1
City average	14.7	27.6	36.5	19.8	.5	.8

Effect of the Proposed Project

The Rosenthal Technik project will have a positive effect on the impact area. First, it is important to note that the plant addition will have no environmental impact, and involves no relocation of residents or businesses, and no purchase or demolition of houses or property.

Its effect therefore will be entirely economic, and will be highly beneficial to the people in the impact area. They will benefit mainly from the 180 jobs created over the four-year development of the project. A computerized ZIP code analysis of Rosenthal Technik's payroll indicates that 139 of its 270 production employees (51%) now live in the impact area. Another 20 live in other parts of Providence. Thirty-seven more employees live in Cranston, an adjacent municipality whose distress factors qualify it to receive UDAG assistance. Given Rosenthal Technik's track record of hiring from this community, and the current high representation of minorities, particularly Spanish Americans, in its workforce,

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it is likely that the new positions will be filled by unemployed persons residing nearby.

The positions created will be mostly low- and semi-skilled production line jobs, which the workforce in the area is qualified for. Assuming an average wage of \$4.75 per hour, this project will provide \$1,628,984 in increased income for low and middle income persons, most of which can be expected to remain in the impact area. This will generate an appreciable secondary impact, as the income is spent in retail stores, and in rents and home improvements.

RELOCATION IMPACTS

Instructions: Complete the table below with the numbers of families, individuals, farms, and businesses which will be relocated as a result of the proposed project.

NOTE: The following definitions apply to this table:

- (1) Low and Moderate Income: Persons whose income is less than 80% of the median income for the SMSA (or for the applicant's jurisdiction if the applicant is outside the SMSA).
- (2) Other Income Categories: Persons whose income is over 80% of the median income for the SMSA (or for the applicant's jurisdiction if the applicant is outside the SMSA).

If more appropriate, use the income limits for the HUD Section 8 housing program to define low- and moderate-income families. Where size of family is not known, use Section 8 limit for a family of four persons.

	Low and Moderate Income		Other Income Categories		Total	
	Minority	Non-Minority	Minority	Non-Minority	Minority	Non-Minority
1. Families Displaced						
2. Unrelated Individuals Displaced						
3. Farms Lost						
4. Businesses Displaced						
5. Jobs Lost From Businesses in Line 4 Above						

* This form constitutes the response to Part III.D.4.a.

UDAG FORM 8*

PROVISION OF HOUSING

Instructions: Complete the table below with the number of housing units to be provided by the project for occupants of various income levels. Answer the questions which follow the table.

Note: The following definitions apply to this table:

- (1) Low and Moderate Income: Units to be available for occupants whose income is less than 80% of the median income for the SMSA (or for the applicant's jurisdiction if the applicant is outside the SMSA).
- (2) Middle Income: Units to be available for occupants whose income is between 80% and 120% of the median income for the SMSA (or for the applicant's jurisdiction if the applicant is outside the SMSA).
- (3) Upper Income: Units to be available for occupants whose income is 120% or more of the median income for the SMSA (or for the applicant's jurisdiction if the applicant is outside the SMSA).

	Low and Moderate		Middle Income		Upper Income		TOTAL	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	No.	%
a. Number New Units to be Constructed								
b. Number Units to be Rehabilitated								
c. TOTAL Units (Sum of a and b above)								100

1. Indicate the basis for the above calculations. Indicate the annual rental prices and sales prices for units in each income category.

2. If units are to be rehabilitated, indicate the income category of residents prior to rehabilitation and the number of vacant or abandoned units. Indicate the expected income level of occupants of the rehabilitated units.

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SECTION E -- EMPLOYMENT PLAN TO
ASSURE THAT THE PRIVATE SECTOR JOBS
ESTABLISHED ARE AVAILABLE TO THE UNEMPLOYED

Responses to the questions in this section are not provided for the reason that Rosenthal Technik has not in the past participated in local, state, or federal training or employment service programs. In the past the company has filled vacancies and hired new employees during periods of expansion by posting notices (in English and Spanish) at the plant and at community centers in the neighborhood, particularly at the headquarters of the Spanish Coalition. The favorable reputation of the company as an employer, and the fact that the plant can be reached conveniently by bus, has attracted a sufficient number of qualified applicants--the company does train new employees as needed--who are usually friends or relatives of other employees. Supervisory positions are filled by promotion. The company expects to continue this successful method of filling positions with motivated employees who want to be working for Rosenthal Technik.

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Also, the increase in employment is to be gradual as production is expanded during the four-year capital investment program. The company views this as a reason for not getting involved with elaborate placement and training programs provided locally by CETA and the Department of Employment Security.

However, at the request of the City of Providence, Rosenthal Technik has agreed to attend a presentation by the Providence CETA office, at which the benefits of participating in CETA programs will be presented to the company.

SECTION F -- RECORD OF APPLICANT

The following references are to the City of Providence Community Development Block Grant Grantee Performance Report, dated October 1, 1980, covering program years 7/1/75 - 6/30/80. The Grantee Performance Report is prepared by the Mayor's Office of Community Development, 55 Eddy Street, Providence, R.I. Reference is by the Department of Housing and Urban Development Form Number and Project Name:

HUD - 4950 (Project Progress)

Housing Rehabilitation
Neighborhood Facilities
Downtown

Building Recycling Program
Storefront Improvement Program

Historic Preservation/Neighborhood Storefront
Neighborhood Parks
Economic Development
City Services
Parks and Open Spaces

PART IV : PROJECT APPROVAL INFORMATION

PROJECT APPROVAL INFORMATION

Section A -- Technical Requirements

This section is a modification of a requirement of OMB Circular A-102. The checklist below assures a federal agency that key issues have been covered in a program application. When an exhibit is required, insert it at the end of this section and number it according to the item it addresses.

1. Does this assistance request require state, local, regional, or other priority rating?

_____ Yes X No

Name of Governing body _____

Priority Rating _____

2. Does this assistance request require federal, state, or local advisory, historic preservation, educational or health clearance?

_____ Yes X No

Name of Agency or Board _____

Documentation attached as Exhibit _____

3. Does this assistance request require clearinghouse review in accordance with OMB Circular A-95

 X Yes _____ No

Name of Clearinghouse Agency _____

Statewide Planning

Program A-95 Review

Comments attached as Exhibit _____
If "no," explain why in your Exhibit _____.

4. Does this assistance request require state, local, regional or other planning approval?

_____ Yes X No

Name of Approving Agency _____

Date: _____

- 5a. Is the proposed project covered by an approved comprehensive plan?

 X Yes _____ No

Check one: State X
Local _____
Regional _____

Reference should be made to this plan in Part II.B.1

- b. Does the applicant have a locally approved Community Development (CD) plan and Housing Assistance Plan (HAP)? (Such adopted plans must predate submission of the application.)

 X Yes _____ No

Approval Date(s):

CD Plan 7/80

HAP 7/80

If relevant to the project, cite appropriate tables and Sections of the CD plan and HAP in Part II.B.1.

Annual approval since 1974

If "no," attach a small city single purpose HAP form (HUD 7087) to this application as your Exhibit _____.

6. Will the assistance requested serve a Federal installation?

 Yes X No

If "yes," in your Exhibit , name the installation, describe its purpose, estimate the Federal population to be served, and provide other pertinent information.

7. Will the assistance requested result in improvements on Federal land or to a Federal installation?

 Yes X No

If "yes," be certain that appropriate information is set forth in Part II.B.1.

- 8a. Will the application require an Environmental Impact Statement (EIS)?

 Yes X No

If "yes," in your Exhibit , briefly describe the environmental impact. If an adverse impact is anticipated, explain what action will be taken to minimize the impact. Reference any planned filing of an EIS. Be certain that the timing of an EIS is discussed in Part II.B.8.b.

- b. On what date was the level of clearance finding made?

Date: April 15, 1981

9. Will the assistance requested cause the displacement of individuals, families, businesses, or farms?

 Yes X No

If "yes," be certain this topic is covered with respect to individuals and families in Part III.D.4.b.

10. Has other related governmental assistance on this project been approved or applied for? Will any other be applied for?

 X Yes No

Be certain this topic is covered, where appropriate, in Part II.B.7.e.

11. Is the project in a designated flood hazard area?

 Yes X No

If "yes," be certain this topic is covered in Parts II.B.3 and II.B.8.

12. Will the proposed project result in the relocation of industrial or commercial facilities from one metropolitan or non-metropolitan area to another?

 Yes X No

If "yes," be certain this is described in III.B.3.

13. Does the proposed project involve the jurisdiction of more than one municipality?

 Yes X No

If "yes," be certain the topic has been covered in Part II.B.6.d.

SECTION B -- Citizen Participation,
Civil Rights, Equal Employment and Housing
Opportunity

In this section, the applicant must demonstrate its positive record of (i) involving citizens in the application and project development process, (ii) dealing successfully with issues such as advancing civil rights, (iii) providing equal opportunity in employment to minorities (as demonstrated by its employment records), and (iv) promoting equal housing opportunity within its jurisdiction. Answer the questions and make certain that the topics have been fully covered in the referenced section, where appropriate. Identify any exhibit inserted at the end of the section.

- 1a. Is there a written Citizen Participation Plan describing the process for citizens to take part in the development of the application as required in 24 CFR Part 570.456 (c)(i)(A) of the Regulations?

If "no," explain in your Exhibit _____.

☒ Yes ☐ No

- b. Did actual citizen participation in the development of the application equal or exceed that expected in the Citizen Participation Plan or the requirements as stated in the Regulations?

If "yes," explain what occurred in your Exhibit _____.

☐ Yes ☒ No

2. If the project is residential or "neighborhood" in nature, are neighborhood groups or community organizations involved in developing the application or in carrying out a component of the project?

This topic should be covered in Parts II.B.6.d. and III.D.2. where appropriate.

☐ Yes ☐ No ☐ Not Applicable

3. Does the applicant have any unresolved issues arising from civil rights compliance reviews, citizen participation allegations, lawsuits or other allegations against the proposed or any other federally assisted project (or funding) administered by the applicant?

If "yes," describe the issues, the resolution timetable, and the possible outcomes in your Exhibit _____. Make reference to the suits, actions, etc. as appropriate in Part II.B.8.

☐ Yes ☒ No

4. Is the applicant under investigation by any federal office enforcing equal opportunity laws and regulations?

If "yes," name the agency, the enforcement office and officers involved; explain the alleged problems; and discuss the resolution timetable, in your Exhibit _____ with reference to Part II.B.8. as appropriate.

☐ Yes ☒ No

5. Has the applicant submitted Form EEO-4 or comparable data to the HUD Area Office as of the preceding July 31 as a certification of continuing eligibility?

If "yes," cite the report; if "no," explain why in your Exhibit _____.

☒ Yes ☐ No

State and Local Government Information (EEO-4)
1980-44300060 Providence City

PART V : ASSURANCES

PART V
ASSURANCES

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The Applicant hereby assures and certifies that:

1. It possesses legal authority to apply for the grant and to execute the proposed program.
2. Its governing body has duly adopted or passed as an official act a resolution, motion or similar action authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
3. It has complied with all the requirements of OMB Circular A-95 as modified by 24 CFR Part 570.310 and that either:
 - a. Any comments and recommendations made by or through clearinghouses are attached and have been considered prior to submission of the application; or,
 - b. The required procedures have been followed and no comments or recommendations have been received.
4. Prior to submission of its application, the applicant has:
 - a. Prepared a written citizen participation plan, which:
 - (1) Provides an opportunity for citizens to participate in the development of the application, encourages the submission of views and proposals, particularly by residents of blighted neighborhoods and citizens of low- and moderate-income, provides for timely responses to the proposals submitted, and schedules hearings at times and locations which permit broad participation;
 - (2) Provides citizens with adequate information concerning the amount of funds available for proposed community development and housing activities, the range of activities that may be undertaken, and other important program requirements;
 - (3) Provides for public hearings to obtain the views of citizens on community development and housing needs; and
 - (4) Provides citizens with an opportunity to submit comments concerning the community development performance of the applicant.
 - b. Followed this plan in a manner to achieve full participation of citizens in development of the application. The applicant shall also follow this plan to achieve full citizen participation in all other stages of the program.
5. Its chief executive officer or other officer of the applicant approved by HUD:
 - a. Consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 insofar as the provisions of such Act apply to 24 CFR 570;

- b. Is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the federal courts for the purpose of enforcement of his responsibilities as such an official.
6. The Community Development Program has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight.

NOTE: The requirements for this certification will not preclude the Secretary from approving an application where the applicant certifies, and the Secretary determines, that all or part of the Community Development Program activities are designed to meet other community development needs having a particular urgency as specifically explained in the application in accordance with 24 CFR 570.302(f).

7. It will comply with the regulations, policies, guidelines, and requirements of OMB Circular No. A-102, Revised, and Federal Management Circular 74-4 as they relate to the application, acceptance, and use of Federal funds under 24 CFR 570.
8. It will administer and enforce the labor standards requirements set forth in 24 CFR 570.605 and HUD regulations issued to implement such requirements.
9. It will comply with all requirements imposed by HUD concerning special requirements of law, program requirements, and other administrative requirements, approved in accordance with OMB Circular No. A-102, Revised.
10. It will comply with the provisions of Executive Order 11296, relating to evaluation of flood hazards and Executive Order 11288 relating to the prevention, control, and abatement of water pollution.
11. It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under 24 CFR 570 to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1-R 1971, subject to the exceptions contained in 41 CFR 101-19.604. The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor.
12. It will comply with:
- a. Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352), and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

- b. Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284), as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing; and will take action to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provisions of brokerage services.
 - c. Section 109 of the Housing and Community Development Act of 1974, and the regulations issued pursuant thereto (24 CFR Part 570.601), which provide that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under 24 CFR 570.
 - d. Executive Order 11063 on equal opportunity in housing and nondiscrimination in the sale or rental of housing built with Federal assistance.
 - e. Executive Order 11246, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60), and Section 4(b) of the Grant Agreement, which provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federal or federally assisted construction contracts. Contractors and subcontractors on Federal and federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training and apprenticeship.
13. It will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that to the greatest extent feasible opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the area of the project.
14. It will:
- a. To the greatest extent practicable under State law, comply with Sections 301 and 302 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and will comply with Sections 303 and 304 of Title III, and HUD implementing instructions at 24 CFR Part 42; and
 - b. Inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations at 24 CFR Part 42 and Part 570.602(b).
15. It will:
- a. Comply with Title II (Uniform Relocation Assistance) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and HUD implementing regulations at 24 CFR Part 42 and Part 570.602(a);
 - b. Provide relocation payments and offer relocation assistance as described in Section 205 of the Uniform Relocation Assistance Act to all persons displaced as a result of acquisition of real property for an activity assisted under the Community Development Block Grant Program. Such payments and assistance shall be provided in a fair and

consistent and equitable manner that insures that the relocation process does not result in different or separate treatment of such persons on account of race, color, religion, national origin, sex, or source of income;

- c. Assure that, within a reasonable period of time prior to displacement, comparable decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex, or source of income; and
 - d. Inform affected persons of the relocation assistance, policies, and procedures set forth in the regulations at 24 CFR Part 42 and 24 CFR Part 570.602(a).
- 16. It will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
 - 17. It will comply with the provisions of the Hatch Act which limits the political activity of employees.
 - 18. It will give HUD and the Comptroller General through any authorized representatives, access to and the right to examine all records, books, papers, or documents related to the grant.
 - 19. It will insure that the facilities under its ownership, lease, or supervision which shall be utilized in the accomplishment of the program are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify HUD of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by the EPA.
 - 20. It will comply with the flood insurance purchase requirement of Section 102(a) of the Flood Disaster Protection Act of 1973. Pub. L. 93-234, 87 Stat. 975, approved December 31, 1973. Section 103(a) required, on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any Federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance.
 - 21. It will, in connection with its performance of environmental assessments under the National Environmental Policy Act of 1969, comply with Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470), Executive Order 11593, and the Preservation of Archeological and Historical Data Act of 1966 (16 U.S.C. 469a-1, et. seq.) by:
 - a. Consulting with the State Historic Preservation Officer to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 36 CFR Part 800.8) by the proposed activity; and
 - b. complying with all requirements established by HUD to avoid or mitigate adverse effects upon such properties.

22. It certifies that it has not knowingly and willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry. 18 U.S.C. 1001 provides that whoever does so within the jurisdiction of any department or agency of the United States shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

Signature

Date

Title

APPENDICES

APPENDIX A

City of Providence

Economic Development Strategy for Fifth Year of EDA 302 (a) Program

For the fifth year, the 302(a) Economic Planning Program will continue to actively pursue the city's stated economic development goals. The Planning and Evaluation Division will work toward identifying specific opportunities for development and growth, and will make strong efforts to match available funding sources with local development capacities in the most creative ways. The following work program outlines the 302(a) activities for the Fifth Year Program in detail:

A. Industrial Development

Planning Activities:

- Provide planning and technical assistance to PIDC: ongoing
- Locate specific opportunities for development or more intensive use of land and facilities in Providence's five major industrial districts: ongoing
- Determine the most effective methods to retain and encourage expansion of industry in these industrial districts: ongoing
- Promote an awareness of long-term cost-effectiveness of subsidies and development projects among the business community and other public agencies: ongoing.
- Ensure that OED industrial development goals and projects proceed in tandem with programming of other local agencies, especially the Providence Redevelopment Agency, PIDC, and businessmen's and citizens groups: ongoing

Project Development

- Review physical development plans prepared by Special Projects Division for impact analysis, for implementation preparation, and for presentation to the Providence Redevelopment Agency, which will manage the projects. The

Eddy Street and Glenbridge industrial development projects will be receiving high priority for the next twelve months.

- Obtain approval from HUD for inclusion in the Section 108 Program for long-term fixed asset industrial and commercial financing. Conclude six deals during the Program year.
- Determine costs of necessary public improvements to Eddy Street industrial district, and construction of infrastructure at Glenbridge, to make certain that costs can be covered by sufficient return before construction monies are appropriated.
- Pursue possible UDAG projects by searching out projects in the public interest which have qualified and dependable private commitments: ongoing.
- Continue to participate with PIDC in finding a location for the jewelry industry to build a centralized waste treatment plant.

B. Neighborhood Commercial Development

Planning Activities

- Target economic development attention on city neighborhoods according to a prioritized accounting of needs: ongoing.
- Continue to assist community groups in various areas of the city in initiating organized economic development activity and in seeking sources of funding: ongoing.
- Continue to consult with the NDC for guidance on overall strategy and advice on specific projects: ongoing.
- Continue to offer planning and liaison services to neighborhood business groups: Broad Street Businessmen's Association, Olneyville Businessmen's Association, Federal Hill and Thayer Street Merchants Association, Washington Park Citizens Board: ongoing.

- Market the UDAG program projects in neighborhood commercial areas: ongoing.
- Provide technical and planning assistance to the Woman's Development Corporation for minority business development
- Develop technical expertise and further applications of computer techniques: ongoing.

Project Development

- Coordinate Smith Street Commercial District Improvement Project with PRA, the local businessmen, and the Neighborhood Economic Revitalization Committee. Contact other stores and merchants who might be interested in locating on Smith Street. Institute a continuing commercial management system there using NDC's Neighborhood Commercial Revitalization techniques and the HUD 312 Demonstration Program.
- Work with groups in South Providence, such as the Women's Development Corporation and Opportunities Industrialization Center, to program development activities along the Broad Street corridor.
- Provide planning and marketing evaluations for PRA on its Washington Park, Hartford, and Eagle Park redevelopment projects

C. Downtown Development

Project Development

- Prepare financing packages for rehabilitation projects

C. Port Development

Planning Activities

- Continue to examine land uses at the Port and make recommendations for long-term redevelopment
- Investigate Free Trade Zone concept in more depth
- Establish a schedule for capital investment to be made at the Port under the Port Modernization Program
- Continue to assist the Chamber of Commerce in preparing recommendations for a Port Authority

Project Development

- Seek funding sources for the physical improvements at the Municipal Wharf necessary to support container crane operations.
- Work on creating a public relations and marketing campaign for the Port of Providence.

Expected activities for the three departments whose work the Planning Division supports are as follows:

E. Commercial and Industrial Financing Division, OED

- An estimated \$10 million in commercial deals under SBA 503 and 7A for next program year
- \$600,000 in Revolving Loan Fund deals, expected to leverage approximately \$2 million in private monies
- \$225,000 in Section 312 deals; should finance 5 mixed-use projects
- \$350,000 in NDC Section 312 Demonstration Program deals, to leverage \$350,000, for comprehensive revitalization of Smith Street Neighborhood Commercial Center

F. Special Projects

- Special Projects will be discontinuing all architectural design work. Instead, staff will perform design review for projects financed through the Revolving Loan Fund.
- Plan physical layout and improvements for Eddy Street and Glenbridge industrial sites
- Write and edit Smith Street design standards workbook, in conjunction with consultant and PRA staff
- Contribute signs and graphic designs to various development projects.

G. PIDC

- Continue Economic Development Professional Training
- Contact local banks and real estate brokers monthly
- Conduct marketing effort consisting of direct call campaign and personal visits to four businesses per week
- Conduct 12 press events annually to publicize NBR successes

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- Attempt to meet the following financing goals, consisting overall of 54 deals, \$20 million, 1930 jobs created:

- one industrial job development UDAG second mortgage loan worth \$5 million and creating 300 jobs
- five pollution control loans
- twenty loan packages through SBA: \$11 million, 900 jobs
- twenty direct bank financing deals

EXHIBIT A

Revolving Loan Fund