

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 2008-52

No. 488 AN ORDINANCE TO ESTABLISH AND GRANT A TAX STABILIZATION PLAN FOR GNL REALTY EAGLE LLC, RAL REALTY LIMITED PARTNERSHIP, BARBARA RUBIN, AND BETTY LICHT KROM, AS TENANTS IN COMMON ON BEHALF OF TAX ASSESSOR'S LOTS 276, 280, AND 281 OF PLAT 27, BEING DESIGNATED THE ALCO LOT 261 PROJECT

Approved December 23, 2008

Be it ordained by the City of Providence:

WHEREAS, the City Council of the City of Providence, pursuant to the General Laws of the State of Rhode Island, as amended from time to time, and Sections 21-160 through 21-172 of the Code of Ordinances of the City of Providence, has the authority to exempt real and personal property used for manufacturing, commercial, and/or residential purposes from the payment of property taxes, or to stabilize said taxes, if the granting of the exemption or stabilization plan inures to the benefit of the City of Providence by reason of physical improvements within the City of Providence which will result in long-term economic benefit, and/or by reason of the willingness of a commercial enterprise to construct new buildings or to replace, reconstruct, convert, expand, retain or remodel existing buildings; and

WHEREAS, GNL Realty Eagle LLC, RAL Realty Limited Partnership, Barbara Rubin and Betty Licht Krom (collectively, the "Project Owner") has made application for tax stabilization under applicable Rhode Island General Laws and ordinances of the City of Providence, as set forth in Exhibit A attached hereto and incorporated by reference, and has satisfied each condition of same; and

WHEREAS, there is underdeveloped land and improvements in need of additional improvements and construction/renovation located within a portion of the area

bounded by Valley Street, Hemlock Street, Promenade Street, Acorn Street, the Woonasquatucket River, and Eagle Street, more specifically described as Tax Assessor's Plat 27 Lot 276, 280 and 281 (formerly and collectively, Plat 27, Lot 261) (the "Project Site"); and

WHEREAS, the Project Owner has evidenced a willingness to improve the Project Site to renovate the existing improvements on the Project Site to create 54,512 square feet of Commercial property and to construct up to 260 units of residential property to be rented or sold, a portion of which will be used as affordable housing (the "ALCO Lot 261 Project"), together with green space and other amenities for the enjoyment of the general public during the term of tax stabilization; and

WHEREAS, it is in the public interest to provide and attract residential and retail/commercial/light manufacturing/office uses as envisioned for the ALCO Lot 261 Project; and

WHEREAS, the ALCO Lot 261 Project shall involve the substantial rehabilitation of existing buildings, as certified by the building inspector of the City of Providence, and the construction of new buildings for commercial and residential space, with related parking uses; and

WHEREAS, the proposed renovation, construction and other improvements of the ALCO Lot 261 Project will assist the City of Providence in improving the tax base of the City of Providence and will provide employment opportunities therein and will contribute to the economic well-being of the City of Providence by renovating existing structures and making other improvements to real property, thereby increasing the tax base of the City of Providence, expenditures by guests and residents of the City of Providence and employment opportunities in the City of Providence; and

WHEREAS, the City Council of the City of Providence has determined it is in the interest of the residents of the City of Providence to grant such tax stabilization to the Project Owner so as to induce the development of the ALCO Lot 261 Project, and such tax stabilization will inure to the long-term benefit of the City of Providence.

NOW THEREFORE, It is ordained by the City Council of the City of Providence as follows:

GENERAL PROVISIONS

Section 1. That the findings set forth in the preceding recitals are hereby made and confirmed in their entirety. The City Council further finds that the generating of the stabilization of taxes provided by this Ordinance will inure to the benefit of the City of Providence by reason of the willingness of the Project Owner to construct new or to replace, reconstruct, convert, expand, retain, or remodel existing buildings and facilities with modern buildings and facilities resulting in an increase or maintenance in residential housing and commercial building investment by the Project Owner in Providence.

Section 2. Definitions. The following terms shall have the meanings set forth herein:

(a) "Affordable Unit" means a residential unit reserved for occupancy by individuals or families having income not greater than 60% of the area median income (determined as provided in Section 142(d)(2)(B)(i) of the Internal Revenue Code).

(b) "Commencement Date" means, with respect to Lot 280 and Lot 281, the date this Ordinance becomes effective and, with respect to any Commercial Designated Portion, the Designation Date of such Commercial Designated Portion.

(c) "Commercial" means commercial, light manufacturing, office, and retail.

(d) "Commercial Designated Portion" shall have the meaning ascribed thereto in Section 11.

(e) "Default Year", with respect to any Commercial Designated Portion means the calendar year containing the third anniversary date of the Designation Date, unless the Phase-in Commencement Date has occurred on or before such third anniversary.

(f) "Designated Portion" means Lot 280, Lot 281, or a Commercial Designated Portion. A Designated Portion does not include any Personal Property.

(g) "Designated Rent" means (i) with respect to any period during which a unit is rented, the scheduled gross rent under the residential rental agreement, and (ii) with respect to any period during which the unit is offered for rent but not rented, the scheduled gross rent at which the unit is offered.

(h) “Designation” means a written designation by the city assessor that a portion of the Project Site have the benefit of this Ordinance and includes any subdivision of a Commercial Designated Portion if written notice of such subdivision is provided by the Project Owner to the city assessor and the director of planning and development.

(i) “Designation Date” of a Designated Portion means the date the Designation of such Designated Portion is delivered by the city assessor; provided that, if Lot 280 or Lot 281 is designated, the Designation Date for such lot shall be retroactive to the date this Ordinance becomes effective.

(j) “Lot 280” means Lot 280 of Assessor’s Plat 27.

(k) “Lot 281” means Lot 281 of Assessor’s Plat 27.

(l) “Personal Property” means any and all tangible personal property, including, but not limited to, all fixtures, equipment, furnishings and other personal property, now or hereafter located at the Project Site, as hereinafter defined.

(m) “Phase-in Commencement Date”, with respect to any Commercial Designated Portion, means the later of the date a certificate of occupancy is issued with respect to the Commercial Designated Portion or the date the Commercial Designated Portion is leased to a Qualified Tenant.

(n) “Pre-existing Property” means land and Real Property Improvements within a Designated Portion that are in existence on the Designation Date.

(o) “Pre-occupancy Period” means the period, if any, beginning on the Designation Date and ending on the day before the Phase-in Commencement Date or, if earlier, the third anniversary of the Designation Date.

(p) “Project”, with respect to any Designated Portion, means any Real Property Improvements not existing on the Designation Date but in existence on the Phase-in Commencement Date, and may include renovations to real property made between the Designation Date and the Phase-in Commencement Date.

(q) “Project Owner” means GNL Realty Eagle LLC, being a Rhode Island limited liability company, RAL Realty Partnership, being a Rhode Island limited partnership, Barbara Rubin, being a citizen of California, and Betty Licht Krom, being a citizen of California, as tenants in common, or any successor and/or assign permitted hereunder to any of them.

(r) "Project Site" means the land, as well as improvements found thereon, designated as Lots 276, 280, and 281 of Assessor's Plat 27 being a portion of the area bounded by Valley Street, Hemlock Street, Promenade Street, Acorn Street, the Woonasquatucket River, and Eagle Street, Providence, Rhode Island.

(s) "Qualified Tenant" shall have the meaning ascribed thereto by Section 11.

(t) "Real Property Improvements" means all improvements to real property, including structures, buildings, grading, retaining walls and other improvements, and renovations thereto.

(u) "Residential Qualifying Use" of a unit means the unit is rented by the Project Owner to an individual or a family for residential purposes or offered by the Project Owner for rental for such purpose.

(v) "Tax on Pre-existing Property" means the tax payable in respect of the Pre-existing Property on a Designated Portion without regard to any improvements made on the Project Site after the Designation Date.

(w) "Stabilized Tax Payments" means to Lot 280 Stabilized Tax Payments, the Lot 281 Stabilized Tax Payments and/or the Lot 276 Stabilized Tax Payments.

(x) "Termination Date" means the last day of the Lot 280 Term, the Lot 281 Term, or the Applicable Commercial Term, as applicable.

(y) "Workforce Unit" means a residential unit reserved for occupancy or purchase by individuals or families having income not greater than 100% of the area median income (determined as provided in Section 142(d)(2)(B)(i) of the Internal Revenue Code).

Section 3. Tax Stabilization. (a) The city assessor may in accordance with the procedures of this section, during the period commencing on the date this Ordinance is enacted and ending on June 30, 2012, identify Designated Portions of the Project Site to have the benefits of this Ordinance. The City of Providence grants with respect to any Designated Portion the stabilized assessment as provided herein for the period from the Commencement Date to the Termination Date.

(b) Before the city assessor may designate any portion of the Project Site to have the benefits of this Ordinance, the Project Owner must make written request for designation by the city assessor. The written request must be submitted prior to the

issuance of a certificate of occupancy for the new or renovated property as to which the request relates. The city assessor shall promptly forward a copy of any request to the director of planning and development of the pendency of the request. Page 6

(c) The director of planning and development shall review any written request submitted by the Project Owner for a Commercial Designated Portion to determine whether each tenant proposed to occupy such Commercial Designated Portion is a Qualified Tenant. The director of planning and development shall make the determination and shall certify such determination to the city assessor within thirty (30) days. Within thirty (30) days following the receipt of the request (in the case of a request to designate Lot 280 or Lot 281) or the certification from the director of planning (in the case of a request to designate a Commercial Designated Portion), the city assessor shall review the request and finds that it complies with the conditions set forth in this Ordinance and if, in the case of a Commercial Designated Portion, the director of planning and development has made the required certification, then the city assessor shall designate the portion of the Project Site.

ARTICLE II

LOT 280

Section 4 Definitions. For purposes of Article II, the following terms shall have the meanings given:

(a) "Lot 280 Project" means the renovation of existing buildings and construction of a new building to provide not more than ~~255~~260 residential rental units, not fewer than 85 of which shall be Affordable Units and not fewer than 25 of which shall be Workforce Units.

(b) "Lot 280 Stabilized Tax Payment(s)" means, prior to the issuance of a certificate of occupancy for the New Residential Rental Building and the Renovated Residential Building, respectively, the Tax on Pre-Existing Property with respect to such building, and, after the issuance of a certificate of occupancy, 8% of the Designated Rent derived from units in such building, see Exhibit B attached hereto and incorporated by reference.

(c) "Lot 280 Term" means the period beginning on the date this Ordinance becomes effective and ending on December 31, 2027.

(d) "New Residential Rental Building" means a newly constructed building built as part of the Lot 280 Project having up to 140 units available for mixed income residential housing.

(e) "Renovated Residential Building" means an existing building renovated to provide up to 130 units of residential property.

Section 5. Lot 280 Stabilized Tax Payments. (a) The Project Owner shall receive the benefits of this Ordinance with respect to Lot 280 during the Lot 280 Term only if the requirements of subsection (b) are satisfied and only under the conditions and to the extent otherwise provided herein.

(b) The requirements of this subsection will be satisfied if (i) the Lot 280 Project has been completed by December 31, ~~2013~~2015 and, from the time of its completion, it continues to provide up to ~~255~~260 residential rental units of which not fewer than 85 units are Affordable Units and not fewer than an additional 25 units are Workforce Units, and (ii) prior to filing the request to have the benefits of this Ordinance apply to Lot 280, the Project Owner shall have entered into an agreement with the City of Providence, the Rhode Island Housing and Mortgage Finance Corporation, and the State of Rhode Island, or such other governmental agencies as shall have provided financing or financing benefits to Lot 280, as certified by the director of planning and development (the "Co-Investors") whereby 50% of the surplus cash for distribution of the New Residential Building shall be paid to the Co-Investors. The City of Providence recognizes that it will not be entitled to the full amount of such 50% share and that its portion is currently estimated to be 45.4% of such 50% share. Monies which the City of Providence receives under such agreement shall be paid over to the ~~Providence Housing Trust~~Alco Tax Incremental Revolving Fund, hereby created.

(c) Any portion of Lot 280 or the Real Property Improvements thereon shall be excluded from the benefits of this Ordinance unless it is either Pre-existing Property or part of the Lot 280 Project. The Project Owner agrees that Lot 280 will be subject to taxation, without regard to any tax stabilization, after the expiration of the Lot 280 Term.

request to have Lot 280 designated to have the benefit of this Ordinance, the Project Owner agrees that the condition expressed in Section 5(b)(i) shall be a covenant running with the land throughout the Lot 280 Term, whether or not for any reason Lot 280 should cease to benefit from this Ordinance. The City of Providence may record such covenant in the land evidence records or may direct the Project Owner to do so. The Project Owner agrees to comply with any such direction. If the covenant shall be breached prior to the expiration of the Lot 280 Term, this Ordinance shall be null and void *ab initio*. The City of Providence may enforce the covenant by suit for specific performance in addition to any other remedies that may be available.

Section 7. Reporting. With respect to each calendar year, on or before March 15 of the following calendar year, the Project Owner with shall certify under penalties of perjury to the city assessor and the director of planning and development a schedule of all residential rental units on Lot 280 indicating the amount of Designated Rent in respect of each unit or, if the unit was not used for a Residential Qualifying Use, the full and fair cash value thereof as defined for purposes of Chapter 5 of Title 44 of the Rhode Island General Laws of 1956 as amended. The Project Owner shall also indicate, with respect to each unit used for a Residential Qualifying Use, whether such unit was reserved for use as an Affordable Unit or a Workforce Unit during the year. The city assessor may confer with the director of planning and development in the director's determination whether Lot 280 complies with Section 5(b).

ARTICLE III

LOT 281

Section 8. Definitions. For purposes of Article III, the following terms shall have the meanings given:

- (a) "Lot 281 Project" means the renovation of existing buildings and/or construction of new buildings to provide not more than 25 residential units, not fewer than 5 of which shall be Workforce Units.
- (b) "Lot 281 Stabilized Tax Payment(s)" means the sum of (i) the Tax on Pre-existing Property in or on Lot 281 times a fraction (not less than zero or greater than one),

the numerator of which is 25 minus the number of residential units on Lot 281 that have received a certificate of occupancy and the denominator of which is 25, plus (ii) 8% of the Designated Rent derived from units in the Lot 281 that are rented or offered for rent for residential purposes, see Exhibit B. Page 9

(c) "Lot 281 Term" means the period beginning on the date this Ordinance is adopted and ending on December 31, 2015.

Section 9. Lot 281 Stabilized Tax Payments. (a) The Project Owner shall receive the benefits of this Ordinance with respect to Lot 281 during the Lot 281 Term only if the requirements of subsection (b) are satisfied and only under the conditions and to the extent otherwise provided herein.

(b) The requirements of this subsection will be satisfied if (i) no certificate of occupancy for Real Property Improvements thereon has been issued after the date of this ordinance other than with respect to the Lot 281 Project or accessory uses thereto and (ii) not fewer than one-fifth of the units are Workforce Units. A unit shall cease to receive the benefit of this Ordinance when it is sold for owner occupancy; however, such sale shall not disqualify any remaining unit(s) rented for residential purposes from continuing to receive the benefit of this Ordinance. A unit that is sold for owner occupancy to an individual or family whose income is not greater than 100% of the area median income (determined as provided in Section 142(d)(2)(B)(i) of the Internal Revenue Code) shall continue to be considered a Workforce Unit.

(c) Any portion of Lot 281 or the Real Property Improvements thereon shall be excluded from the benefits of this Ordinance unless it is either Pre-existing Property or part of the Lot 281 Project. Project Owner agrees that Lot 281 will be subject to taxation, without regard to any tax stabilization, after the expiration of the Lot 281 Term.

Section 10. Reporting. With respect to each calendar year, on or before March 15 of the following year, the Project Owner shall certify under penalties of perjury to the city assessor and the director of planning and development a schedule of all residential rental units on Lot 281 and indicate the amount of Designated Rent in respect of each unit for the prior calendar year or, if the unit was sold during the prior calendar year, whether it was sold as Workforce Housing. Once a unit has been reported as sold, the Project Owner shall be relieved of further reporting obligations with respect to such

unit, inasmuch as the unit shall cease to receive the benefit of this Ordinance upon such sale. The city assessor may confer with the director of planning and development in the director's determination whether Lot 281 complies with Section 9(b). Page 10

ARTICLE IV

LOT 276

Section 11. Definitions. For purposes of this Article IV, the following terms shall have the meanings given:

(a) "Applicable Commercial Term" means, with respect to any Commercial Designated Portion, the period beginning on the Designation Date and ending on the assessment date for which the tax on the Commercial Designated Portion is to be based on 100% of the full and fair value thereof pursuant to the percentages specified in

Exhibit B.

(b) "Commercial Designated Portion" means new Real Property Improvements aggregating not more than 54,512 square feet of rentable Commercial space and identified as such in one or more requests filed by the Property Owner pursuant to Section 3(b) of this Ordinance; provided that if the Project Owner builds more than 54,512 square feet of Commercial space in the aggregate, the total Commercial space that may be included in Commercial Designated Portions may not exceed 54,512 square feet in the aggregate.

(c) "Lot 276 Project" means the construction or renovation of 54,512 square feet of commercial Real Property Improvements.

(d) "Lot 276 Stabilized Tax Payment(s)" means, with respect to property in any Commercial Designated Portion (i) with respect to the Pre-occupancy Period, the Tax on Pre-existing Property; (ii) with respect to any Default Year, the sum of (a) the tax that would have been payable in the absence of this Ordinance for the Default Year plus (b) the excess of the amount of tax that would have been paid with respect to the Pre-occupancy Period in the absence of this Ordinance over the Tax on Pre-existing Property plus (c) the amount that would have been accrued as interest on the excesses described in clause (b) for the period from the date such excesses would have been payable in the absence of this Ordinance to the due date for the payment of taxes for the Default Year; and (iii) with respect to the period beginning on the Phase-in Commencement Date and

ending on the last day of the Applicable Commercial Term, the sum of the Tax on Pre-existing Property plus the percentage indicated in Exhibit B times the excess of the tax otherwise payable in respect of the value of the property in the Designated Portion over the value of the Pre-existing Property, see Exhibit B.

(e) "Qualified Tenant" means a tenant that will use Real Property Improvements for commercial purposes that will not be relocated to a Commercial Designated Portion from elsewhere in the City of Providence and which enters into an agreement to abide by the requirements of Sections 15 and 16 of this Ordinance.

Section 12. Lot 276 Stabilized Tax Payments. The Project Owner shall receive the benefits of this Ordinance with respect to a Commercial Designated Portion during the Applicable Commercial Term only under the conditions and to the extent provided herein. The Project Owner agrees that each Commercial Designated Portion within the Lot 276 Project will be subject to taxation, without regard to any tax stabilization, after the expiration of the Applicable Commercial Term.

ARTICLE V.

ADDITIONAL MATTERS

Section 13. Payment of Taxes. The following shall pertain to the payment of taxes set forth herein:

(a) The Project Owner shall make Stabilized Tax Payment(s) to the City of Providence as prescribed herein in lieu of all other real property taxes that may otherwise be assessed on the Designated Portions during the Lot 280 Term, the Lot 281 Term, or an Applicable Commercial Term, and the City of Providence agrees to accept the Stabilized Tax Payments in lieu of all such other real property taxes with respect to the Designated Portions with respect to such periods. Nothing herein shall relieve the Project Owner from the obligation to pay taxes levied on other property owned by the Project Owner, including real property not part of a Designated Portion, ~~P~~personal ~~P~~property located at the Project Site, and property that has ceased to be entitled to the benefits of this Ordinance.

(b) Stabilized Tax Payment(s) due to the City of Providence, pursuant to the terms of this Ordinance, may be made in either a lump sum during the first quarter of the applicable tax year or in equal quarterly installments. If quarterly payments are to be

made, they shall be due on the same dates that quarterly taxes are due for all other taxpayers in the City of Providence for property taxes and similarly subject to interest and late fee penalties if not timely made.

(c) It is understood by the parties that the Stabilized Tax Payment(s) made hereunder are tax payments; and, the Project Owner shall be entitled to all the rights, privileges, and obligations of a taxpayer in the City of Providence.

(d) The liability for the Stabilized Tax Payment(s) due and owing under this Ordinance shall constitute an obligation of the Project Owner, and the City of Providence shall have a lien on the Project Site and on Real Property Improvements thereon, which lien shall be of the same priority and entitle the City of Providence to the same foreclosure remedy as the lien and foreclosure remedy provided under applicable laws and ordinances with respect to real property taxes not subject to a tax treaty or this Ordinance.

(e) Notwithstanding subsection (a) and Section 14, the Project Site, including any Designated Portions, shall be assessed for and shall pay that portion of the tax, if any, assessed by the City of Providence for the purpose of paying the indebtedness of the City of Providence and the indebtedness of the State of Rhode Island to the extent assessed by the State of Rhode Island upon or apportioned to the City of Providence, and the interest on the indebtedness, and for appropriation to any sinking fund of the City of Providence, which portion of the tax shall be paid in full.

Section 14. Satisfaction of Obligations. The City of Providence agrees that if the conditions specified herein permitting the Project Owner to make Stabilized Tax Payments are satisfied and so long as the Stabilized Tax Payment(s) are made by the Project Owner in accordance with the terms of this Ordinance; the City of Providence shall, during the Lot 280 Term, the Lot 281 Term, or an Applicable Commercial Term (as applicable), accept said payments in full satisfaction of the obligations of the Project Owner as to the payment of any and all taxes to the City of Providence which would otherwise be levied upon or with respect to Designated Portions, including future customary repairs and customary renovations of the Real Property Improvements which may now exist or which may hereafter be placed or erected thereon or located thereat or

used therein, but excluding material renovations or improvements beyond those completed as part of a Project.

Section 15. Minority and Local Contractors/Vendors. The Project Owner and each Qualified Tenant shall use their best efforts to hire contractors and subcontractors and to purchase construction materials from entities which/who are situated in and/or are residents of the City of Providence. Further, the Project Owner and each Qualified Tenant shall use their best efforts to award 25% of the total dollar value of construction to Minority Business Enterprises (“MBEs”) and Women Business Enterprises (“WBEs”), as defined and pursuant to Section 21-52 of the Code of City Ordinances, as certified by a state agency or the director of the department of planning and development. The total fee and non-biddable “General Conditions” of the prime contractor will be deducted from this calculation. The Project Owner and each Qualified Tenant will use their best efforts to work with the prime contractor to reduce the size of bid packages where possible so as to maximize accessibility of contract work to small contractors from the community.

It is the intent of the parties that the participation of each element of minority and women business enterprise not fall below twelve and a half (12.5%) percent.

Section 16. First Source and Employment. The Project Owner and each Qualified Tenant shall in all respects comply with the First Source Ordinance, so-called, and shall enter a contract with the City of Providence which contract shall set forth the obligations of the Project Owner or Qualified Tenant, as the case may be. Further, the Project Owner will include in all subcontracts an affirmative action and community hiring program in which the contractor commits to notify the Project Owner of any job openings at the Project Site and to a willingness to interview candidates identified through said program. The Project Owner has set a target minimum of ten (10%) percent of total hires as community hires over the course of the Project construction period. In addition, the Project Owner agrees to provide training and/or apprenticeships for City of Providence residents hired on the Project. Such training and/or apprenticeship program shall be submitted in writing to the director of the department of planning and development for his or her written approval, as a condition precedent to any tax stabilization as envisioned under this ordinance, which may include an apprenticeship created under Section 28-45-1, et seq., of the General Laws of Rhode Island, as amended.

Section 17. Relocation Requirements. By accepting the benefits of this Ordinance, the Project Owner agrees to comply with the Industrial and Commercial Building District Tenant Relocation Program established by Ordinance No. 163, Chapter 2008-21.

Section 18. Land Development Approval. The Project Owner shall be required to conform to all approvals, and any conditions attached thereto, granted July 2008 by the City Plan Commission through the Land Development Project process as amended from time to time.

Section 19. Purpose. The City of Providence has entered into this tax stabilization plan to renovate buildings and to provide Commercial space and residential units, including units for persons of low and moderate income. It is understood that this ordinance does not extend to any building or buildings used as a "dormitory" or "apartment dormitory". The use of any building or portion of a building for "dormitory" or "apartment dormitory" purposes renders the treaty null and void with respect to such portion. If any portion of the Project Site entitled to the benefits of this Ordinance is used for a purpose other than residential, commercial, light manufacturing, retail, or office, such portion shall cease to benefit from this Ordinance. This Ordinance shall not apply to any Project Taxable Properties used as a hotel in the ALCO Lot 261 Project, nor to any commercial, light manufacturing, retail, or office use that replaces a similar use by the user or a related entity elsewhere in the City of Providence.

Section 1920. No Transfer to Tax-Exempt Entity. The Project Owner agrees not to transfer the Project Site, or any portion thereof, to any tax-exempt entity or to allow any transfer by any subsequent transferee to any tax-exempt entity during the term of this Ordinance to stabilize taxes. The Project Owner is also required as a condition precedent to this tax treaty to record notice in the Land Evidence Records of the City of Providence of the requirement that the subject property covered by this Ordinance be transferred only to a tax-paying entity as long as this Ordinance is in effect. In the event that the subject property covered by this Ordinance is transferred to a tax-exempt entity, despite the prohibition against such transfer, then the Project Owner making or permitting such transfer (whether or not such person remains a Project Owner) shall be responsible to

make payments in lieu of taxes to the City of Providence equal to the amount of taxes which would have been paid to the City of Providence if such prohibition against transfer to a tax-exempt entity had not been violated.

Section 2021. Stabilization Does Not Apply to Condominium Units Sold. In the event that the Project Owner shall divide any Designated Portion or any portion thereof into residential or commercial condominiums, the condominium units, once sold by the Project Owner, shall no longer have the benefit of the this Ordinance and shall be subject to taxation without regard to any tax stabilization; the remaining portion of any Commercial Designated Portion shall be pro-rated accordingly. The Project Owner shall send written notice of any such sale or sales to the city assessor by certified mail, postage prepaid, identifying the unit sold, the date thereof, the sale price, and the buyer's name and current address.

Section 2122 Back Taxes. This treaty is conditioned upon the Project Owner at all times remaining current on all payments due under this tax stabilization plan and owing no back taxes to the City of Providence. Failure to make timely payments renders this treaty null and void, *ab initio*.

Section 2223. Effect of Certain Breaches. The tax stabilization plan being rendered null and void for any reason would require the Project Owner to pay all taxes and fees as would have been due and owing as if no plan had been entered, *ab initio*.

Section 2021324. Assignment. Notwithstanding any thing to the contrary contained herein, this tax treaty is not assignable by the Project Owner without the express written consent of the director of the department of planning and development, which consent will not be unreasonably withheld. By making a permitted transfer, the permitted transferee shall be deemed a successor Project Owner and shall have all the rights and obligations of the Project Owner hereunder, so far as apt, and the transferring Project Owner, if it transfers all rights under this treaty, shall cease to be a Project Owner hereunder after the date of the permitted transfer.

~~Section 24. Stabilization Does Not Apply to Condominium Units Sold. In the event that the Project Owner shall divide any Designated Portion or any portion thereof into residential or commercial condominiums, the condominium units, once sold by the Project Owner, shall no longer have the benefit of the this Ordinance and shall be subject~~

~~to taxation without regard to any tax stabilization; the remaining portion of any~~

~~Commercial Designated Portion shall be pro-rated accordingly. The Project Owner shall send written notice of any such sale or sales to the city assessor by certified mail, postage prepaid, identifying the unit sold, the date thereof, the sale price, and the buyer's name and current address.~~

Section 2125. Reporting and Monitoring. The Project Owner shall, not less than sixty (60) days after the end of each fiscal year of the Project Owner, submit to the director of the department of planning and development, a report that will provide evidence of compliance with Sections 5(b), 15, 16, 17 and 18, hereof on forms provided by the director for said purpose. The Project Owner's report shall include evidence of compliance by Qualified Tenants with Sections 15 and 16. The director may require additional information to demonstrate compliance.

Section 2226. Notices. All notices, certificates, requests, demands, consents, approvals, and other communications which may or are required to be served or given hereunder (for the purposes of this section, collectively called "Notices") shall be in writing and shall be sent by registered or certified mail, postage pre-paid, return receipt requested and received overnight delivery by a recognized public or private carrier, or by facsimile, in either case as evidenced by a receipt or other evidence of delivery showing the date, time and, for facsimile, telephone number or receipt and addressed to the party to receive such Notice as identified below:

If to: City of Providence
City Hall
25 Dorrance Street
Providence, RI 02903
Attn: Mayor, City of Providence

Copies to: City Solicitor
City of Providence
275 Westminster Street, 2nd Fl.
Providence, RI 02903

Director, Department of Planning and Development
400 Westminster Street
Providence, RI 02903

If to the Project Owner:

Section 2327. Penalties and Petition for Relief. In the event that the Project Owner does not comply in all material respects with any and/or all of the material provisions of this ordinance, the director of the department of planning and development

or the City Council of the City of Providence by resolution, may provide written notice, mailed, postage-prepaid, to the Project Owner at its/his/her last known address, setting forth the nature of the non-compliance and the date upon which this Ordinance shall be rendered null and void because of the non-compliance, unless said non-compliance is cured prior to said date ("Early Termination Date"). The full tax which would otherwise have been due and payable, if this Ordinance had not been adopted, plus interest and penalties as provided by law ("Full Tax"), will become immediately due and payable on the Early Termination Date, with the calculation thereof being contained in the notice. However, the Early Termination Date shall be at least one hundred and twenty (120) days from the mailing of written notice. The Project Owner may petition the City Council for a hearing with respect to the issue of non-compliance. The hearing shall be held within sixty (60) days of the receipt of the petition by the City Clerk. At the hearing the Project Owner shall have an opportunity to present evidence of compliance and/or request relief. In the event that the City Council does not act after a hearing of the Project Owner prior to the Early Termination Date, the determination of the director of the department of planning and development shall be conclusive and the Project Owner shall immediately make payment of the Full Tax to the City of Providence. The specification of remedies herein shall not bar the City of Providence from pursuing and obtaining any equitable relief to enforce the undertakings the Project Owner accepts by requesting or accepting the benefits of this Ordinance or legal relief for the violation thereof.

Section 2428. Applicable Law. This Ordinance shall be construed under the laws of the State of Rhode Island.

Section 2529. Effective Date. This Ordinance shall take effect ~~seven days after~~ upon its passage.

EXHIBIT A
APPLICATION

Stabilization For: ALCO LOT 261 PROJECT
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcels: Plat 27 Lot 276, 280, 281

STABILIZATION TERMS: LOT 276

Stabilization is Limited to 54,512 Sq.Ft. Designated Portion
Pre-Existing Property and Tax thereon is outside of this Stabilization Agreement and is Taxed Separately
Annual Valuation of the Designated Portion is as Finished Buildout less related Pre-Existing
Property: Then Current Tax Rate
Income Analysis Assumes NNN
Stabilized Designated Portion of the Property will Capture Increases on 10% Increments [see Chart Below]
Non- Designated Portion and Personal Property is Outside the Stabilization and is Fully Taxable

CHART:

A = Project Assessment Value
R = Tax Rate for Tax Year
P = Assessment Multiplied by the Tax Rate per \$1000 of Assessment Multiplied by % Taxable defined below

Stabilization Tax Year #	Project Assessment	% Taxable	Tax Rate	Stabilization Tax Payment
1	A	10%	R	P
2	A	20%	R	P
3	A	30%	R	P
4	A	40%	R	P
5	A	50%	R	P
6	A	60%	R	P
7	A	70%	R	P
8	A	80%	R	P
9	A	90%	R	P
10	A	100%	R	P

STABILIZATION TERMS: LOT 280

Stabilization is Limited to 260 Residential Units
Pre-Existing Property and Tax thereon is adjusted annually to reflect buildout of Residential Unit at
Time of Certificate of Occupancy
Commercial/Office/Retail and Personal Property is Outside the Stabilization and is Fully Taxable

CHART:

Residential Components will be taxed at 8% of Designated Rent
DR = Designated Rent

Stabilized Tax Year #	DESIGNATED RENT	Stabilization Tax Payment of 8%
1	DR	8% OF DR
2	DR	8% OF DR
3	DR	8% OF DR
4	DR	8% OF DR
5	DR	8% OF DR
6	DR	8% OF DR
7	DR	8% OF DR
8	DR	8% OF DR
9	DR	8% OF DR
10	DR	8% OF DR
11	DR	8% OF DR
12	DR	8% OF DR
13	DR	8% OF DR
14	DR	8% OF DR
15	DR	8% OF DR
16	DR	8% OF DR
17	DR	8% OF DR
18	DR	8% OF DR
19	DR	8% OF DR
20	DR	8% OF DR

Stabilization For: ALCO LOT 261 PROJECT
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcels: Plat 27 Lot 276, 280, 281

EXHIBIT B - Page 2

STABILIZATION TERMS: LOT 281

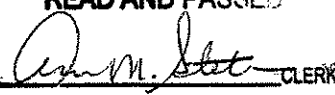
Stabilization is Limited to 25 Residential Units
Pre-Exisitng Property and Tax thereon is adjusted annually to reflect buildout of Residential Unit at
Time of Certificate of Occupancy)
Commercial/Office/Retail and Personal Property is Outside the Stabilization and is Fully Taxable

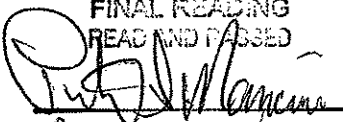
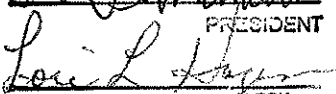
CHART:

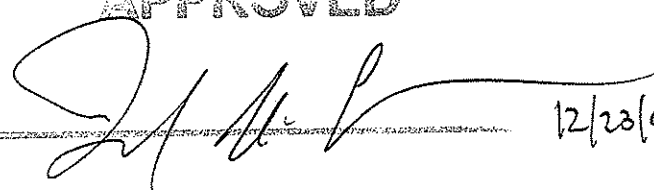
Residential Components will be taxed at 8% of Designated Rent
DR = Designated Rent

Stabilized Tax Year #	DESIGNATED RENT	Stabilization Tax Payment of 8%
1	DR	8% OF DR
2	DR	8% OF DR
3	DR	8% OF DR
4	DR	8% OF DR
5	DR	8% OF DR
6	DR	8% OF DR
7	DR	8% OF DR
8	DR	8% OF DR
9	DR	8% OF DR
10	DR	8% OF DR
11	DR	8% OF DR
12	DR	8% OF DR
13	DR	8% OF DR
14	DR	8% OF DR
15	DR	8% OF DR
16	DR	8% OF DR
17	DR	8% OF DR
18	DR	8% OF DR
19	DR	8% OF DR
20	DR	8% OF DR

This stabilization shall expire no later than twenty rears after the effective date of this Ordinance.

IN CITY COUNCIL
DEC 15 2008
FIRST READING
READ AND PASSED
 CLERK

IN CITY COUNCIL
DEC 18 2008
FINAL READING
READ AND PASSED
 PRESIDENT
 CLERK
ACTING

APPROVED

MAYOR 12/23/08

INSTRUCTION FOR FILING
APPLICATION FOR TAX STABILIZATION
FOR COMMERCIAL/INDUSTRIAL & RESIDENTIAL PROPERTIES

PURPOSE: THE PURPOSE OF THE ORDINANCE IS TO GRANT A PROPERTY TAX EXEMPTION FOR PROPERTY USED FOR INDUSTRIAL PURPOSES IF THE GRANTING OF AN EXEMPTION WILL:

- * cause a commercial/industrial & residential concern to locate in the city;
- * cause a commercial/industrial & residential concern to replace, reconstruct, expand or remodel existing buildings and facilities and thereby increase the tax base in the city;
- * cause a commercial/industrial & residential concern to construct new buildings or facilities and thereby increase employment opportunities

ELIGIBILITY:

PROVISIONS OF THIS ORDINANCE SHALL APPLY TO COMMERCIAL / INDUSTRIAL & RESIDENTIAL PROPERTY DEFINED TO MEAN BUILDINGS, STRUCTURES AND OTHER IMPROVEMENTS HERETO, THE PRIMARY PURPOSE AND USE OF WHICH IS THE MANUFACTURE OF GOODS AND MATERIALS, OFFICE USE, RETAIL USE, OR HOUSING.

Commercial/ Industrial property shall include facilities related to a manufacturing operation including but not limited to office, engine, research and development, warehousing or parts distribution facilities, but shall not include land.

PROCEDURE:

1. No person shall be entitled to any exemption without first filing an application with the Office of City Assessor.
2. No application shall be considered unless application is filed prior to the issuance of building permit with respect to the property.
3. No application shall be considered unless estimated cost of new construction exceeds 20 % of the assessed value of the commercial/ industrial property or \$100,000 whichever is less.
4. The Building Inspector shall review the application to determine any violations of the provisions of the building code with respect to the property of the applicant and any other property in the city owned by the applicant.

If violation(s) so exist, the Building Inspector shall forward a statement stating the nature and extent of such violations. No exemptions shall be granted until such violations have been cured.

TAX ASSESSOR'S OFFICE
PROVIDENCE, RI
2008 DEC - 8 P 1: 24

CITY OF PROVIDENCE, RHODE ISLAND
APPLICATION REQUESTING
TAX STABILIZATION FOR COMMERCIAL / INDUSTRIAL & RESIDENTIAL
PROPERTIES
ACCORDING TO
CHAPTER 21 OF THE CODE ORDINANCES AS AMENDED

PAY OF NON-REFUNDABLE APPLICATION FEE
MUST ACCOMPANY APPLICATION ACCORDING TO
THE FOLLOWING SCHEDULE:

\$150.00 FOR PERMIT UP TO : \$250,000 (COMBINED)
\$225.00 FOR PERMIT FROM \$251 - \$750,000
\$300.00 FOR PERMIT OVER : \$751,000
\$200.00 FOR COMPUTER / TELEPHONE
.001% OF EST. CONSTRUCTION COSTS (RESIDENTIAL)

DATE 11/25/2008

1. NAME & ADDRESS OF APPLICANT
(IF CORPORATION / PARTNERSHIP,
GIVE NAME & TITLE OF CEO / FILING
APPLICATION)

ALCO 85 LLC

and affiliated entities

2. IF APPLICANT IS LESSEE, GIVE
NAME AND ADDRESS OF OWNER
AND SPECIFIC TERMS OF LEASE

n/a

3. LOCATION OF PROPERTY

555 Valley St, 411 Valley St, 340 Kinsley

4. ASSESSOR'S PLAT AND LOT

Plat 27: Lots 5, 16, 27, 28, 29, 30, 31

5. DATE & PURCHASE PRICE OF
EXISTING PROPERTY

Plots purchased at various dates
between 2006 and 2010 (anticipated)

6. COST & PROJECTED DATE OF
ADDITIONAL PROPERTY TO BE
PURCHASED FOR THIS
EXPANSION PROJECT

Total acquisition cost (anticipated)
of approx. \$16.4mm

7. ESTIMATED COST OF EXPANSION/RENOVATION. (ATTACH EVIDENCE SUPPORTING SUCH FIGURE: COP OF BIDS, CONSTRUCTION CONTRACT, ARCHITECT'S CERTIFICATION). GIVE DETAILS AS TO SCOPE OF PROJECT TO BE UNDERTAKEN - # OF STORIES, TYPE OF CONSTRUCTION, TOTAL SQ. FT. ETC.) Total estimated construction cost of \$1,260,000 [see attachment 10]

8. DESCRIBE EXISTING FACILITY:

OF STORIES

OF SQ. FT. / FLOOR

AGE OF BUILDING(S)

TYPE OF CONSTRUCTION

INTERIOR CONDITION

EXTERIOR CONDITION

2-5

total anticipated 764,518 SF

ages 1964 - New construction

existing (existing) and New (TBD)

varies

varies

9. APPLICATION IS MADE UNDER THE PROVISION OF THE ORDINANCE FOR THE FOLLOWING REASON(S) (CHECK ONE OR MORE)

☐ a. locate in City of Providence

☐ b. replace section of premises

☐ c. expand building

☒ d. remodel facility

☒ e. construct new building(s)

☐ f. computer/telephone

☐ g. other

10. WILL PROPOSED CONSTRUCTION/ ALTERATION INCREASE THE EMPLOYMENT AT YOUR COMPANY

YES

NO

☒

IF YES, GIVE ESTIMATE AS TO NEW POSITIONS TO BE CREATED AND JUSTIFICATION FOR SAME

11. WILL THE PROPOSED ALTERATION/ CONSTRUCTION CAUSE ANY OTHER FACILITY TO CLOSE?

YES

NO

☒

12. WILL CONSTRUCTION/ALTERATION REQUIRE PURCHASE OF ADDITIONAL FURNITURE/FIXTURES/EQUIPMENT? IF YES, GIVE DETAILS AS TO NUMBER AND TYPE TO BE PURCHASED

YES

NO

☒

Commercial FF&E for approx. 350,000 SF

Residential common space for 4 separate buildings

Total anticipated expenditure not known

13. CONSTRUCTION SHALL BEGIN 2/16/06
ANTICIPATED THAT CONSTRUCTION SHALL BE COMPLETED 2/12

14. ARE ALTERATIONS/CONSTRUCTION YES X NO _____
PLANS PERMITTED UNDER THE
PRESENT ZONING;

IF NO, PLEASE ADVISE AS TO n/a
WHETHER APPLICATION HAS BEEN
OR WILL BE FILED WITH ZONING
BOARD OF REVIEW.

HAS HEARING BEEN SCHEDULED? n/a

IT IS THE UNDERSTANDING OF THE APPLICANT(S) THAT THE EXEMPTION, IF
APPROVED, IS APPLICABLE ONLY TO COMMERCIAL/INDUSTRIAL CONCERNS WHO
WISH TO LOCATE IN THE CITY, OR WHO WISH TO REPLACE, RECONSTRUCT, EXPAND
OR REMODEL CURRENT FACILITIES; THAT MEET THE APPROVAL OF THE BUILDING
INSPECTOR; THAT ALL CURRENT AND PAST TAXES DUE BY THE APPLICANT(S) MUST
BE PAID IN FULL; THAT THE EXEMPTION WOULD BE ATTRIBUTABLE ONLY TO THAT
PORTION OF THE ASSESSMENT ATTRIBUTABLE TO THIS CONSTRUCTION/
RENOVATION; THAT THE EXEMPTION MAY BE REVOKED IN THE EVENT OF FRAUD OR
MISREPRESENTATION BY THE APPLICANT(S).

Jamuel J. Branch
WITNESS

12.8.08
DATE

[Signature]
SIGNATURE OF APPLICANT
on behalf of ALCO 85 LLC and related entities
166 Valley St. Providence, RI 02909
ADDRESS

12/8/08
DATE

RECEIVED BY CITY ASSESSOR
PROVIDENCE RHODE ISLAND

J. Glati 12/8/08 DATE

APPLICATION FEE FORWARDED TO COLLECTOR

\$300

AMOUNT

REVIEWED BY ASSESSOR WITH THE FOLLOWING RECOMMENDATIONS

recommending
All requirements be current

SIGNATURE/DATE/ASSESSOR

John Gelat 12/12/08

RECEIVED BY CITY COLLECTOR

12/8/08

APPLICANT OWES FOLLOWING TAXES

Plat 27 Lot 279
2008

YEAR

235,077.47

AMOUNT

past due

Plat 27, lots 5, 16, 276, 280
281

current as of December 10, 2008

(see attached
Municipal
Lien Certificate)

TAXES ARE PAID IN FULL

ARRANGEMENTS HAVE BEEN MADE

SIGNATURE/DATE/COLLECTOR

Francisco Ponce

YES ☒ NO ☐

RECEIVED BY BUILDING INSPECTOR
DATE

Francisco Ponce 12/12/08

(*) PLANS AS REVIEWED MEET ALL CURRENT CODES/STATUTES OF CITY

YES

NO

NO VIOLATIONS EXIST ON THIS OR OTHER PROPERTIES OWNED BY APPLICANT

✓

YES

NO

* VIOLATIONS EXIST AS FOLLOWS

On AP 27/Lot 16 - Change
of use without obtaining a permit.

VIOLATIONS HAVE BEEN DISCUSSED WITH APPLICANT(S)
ARRANGEMENTS HAVE BEEN MADE TO CORRECT SAME

In progress

YES

NO

SIGNATURE/DATE/BUILDING INSPECTOR

REVIEW BY THE ASSESSOR

OF THE

APPLICATION FOR TAX STABILIZATION
FOR COMMERCIAL/INDUSTRIAL & RESIDENTIAL PROPERTY

(*) Plans have not been received and/or reviewed for all the lots referred to above. Permits have been issued for projects which plans have been reviewed and are in compliance with building codes and zoning ordinance.

11/25/2008

AMERICAN LOCOMOTIVE WORKS

ATTACHMENT 1.0

ALCO: CONCEPTUAL DEVELOPMENT PROGRAM

	Phase Name	Owner	New or Rehab	Start Const.	End Const.	Program	Res. Units	SF (gross)	Total Dev. Cost (approx)	Hard Costs (approx)
1	Phase I	ALCO	Rehab	Jun-06	Jun-09	Office Retail		160,180 25,950 186,130		33,196,000 5,404,000 38,600,000
2	Phase II	Light	Rehab	May-09	Oct-10	Office Residential Rental-Workforce Residential Rental-Market	25 98 123	54,512 25,214 100,857 180,583		9,150,000 21,350,000 30,500,000
3	Phase III/MBS	Light	New	Oct-09	Nov-11	Residential Rental-Market Res. Rental-Affordable	47 85 132	45,686 110,806 156,492		17,700,000 17,700,000
4	Nicholsan File	Light	Rehab	Jun-10	Oct-11	Commercial (Office, Light Industrial) Retail Residential Rental-Market Residential Rental-Workforce		81,000 142 78,400 15,600 179,142		12,735,000 0 15,565,000 28,900,000
5	Riverrfront	Light	New/Rehab	Jun-10	Jul-11	Office (#25) Office - New Retail (#25) Residential For Sale-Workforce Residential For Sale-Market		8,352 15,000 4,188 6,960 27,340 62,340		4,000,000 900,000 5,700,000 10,600,000
6	Phase 6 not included, as no TSA sought									
TOTAL								764,487	212,200,000	125,700,000

ALCO TIF LLC

DATE	INVOICE NO	DESCRIPTION	INVOICE AMOUNT	DEDUCTION	BALANCE
	112108	71007-TAX STABILIZATION	300.00	.00	300.00
CHECK DATE	11-21-08	CHECK NUMBER	10013	TOTAL >	300.00
				.00	300.00

PLEASE DETACH AND RETAIN FOR YOUR RECORDS.

FOR SECURITY PURPOSES, THE BORDER OF THIS DOCUMENT CONTAINS MICROPRINTING

ALCO TIF LLC
1940 Hall Street
Suite 200
Baltimore, MD 21230

BB&T
2 North Charles Street
Suite 100
Baltimore, MD 21201

65-330/550
24103


DATE: November 21, 2008

CHECK NO: 10013

AMOUNT: \$ 300.00

Pay: Three hundred dollars and no cents

PAY TO THE ORDER OF
CITY OF PROVIDENCE
TAX COLLECTOR



⑈000010013⑈ ⑆055003308⑆ 5155653479⑈

MUNICIPAL LIEN CERTIFICATE
CITY OF PROVIDENCE - OFFICE OF THE COLLECTOR
CITY HALL PROVIDENCE, R.I. 02903 (401) 331-5252

DATE	PLAT	LOT	UNIT	LOCATION	CERT #	PAGE
December 10, 2008	027	0281	0000	20 Eagle St	65,923	1

ASSESSED GNL Realty Valley LLC
OWNER Bette Licht Krom

Barbara S Rubin
RAL Realty Limited Partnership

STATUS OF REAL ESTATE BILL AS OF DATE PRINTED

YR	TYPE	ORIGINAL TAX	CHARGE	ADJUSTMENT ABATEMENT	PAID	BALANCE DUE	INTEREST	TOTAL DUE	BILL NAME
08	RE	\$4,869.20	\$0.00	\$0.00	\$2,434.60	\$2,434.60	\$0.00	\$2,434.60	GNL Realty Valley LI
		<u>\$4,869.20</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$2,434.60</u>	<u>\$2,434.60</u>	<u>\$0.00</u>	<u>\$2,434.60</u>	

INTEREST SHOWN IS VALID FOR 30 DAYS FROM DATE ISSUED. ADDITIONAL CHARGES MAY APPLY IF PAYMENT IS RECEIVED LATER THAN 30 DAYS FROM DATE.


Note:

- Please be aware that unpaid taxes may be subject to tax sale.
- Please contact the Water Supply Board at 521-6300.
- Please contact the Narragansett Bay Commission at 461-8828
- Property within designated City plat maps known as 19, 20, 24, 25, and 26 may be subject to assessment by the Downtown Providence District Management authority (aka: Downtown Improvement District). Please call (401)421-4450 for payment information.

C E R T I F I C A T I O N

THIS IS TO CERTIFY THAT THE ABOVE IS TRUE AND CORRECT, SAID CERTIFICATION BEING GIVEN IN ACCORDANCE WITH 44-7-11 OF THE GENERAL LAWS OF RHODE ISLAND 1956, AS OF THE DATE PRINTED ABOVE.

MAILED TO: City of Providence
City Hall
Providence, RI 02903


ROBERT P. CEPRANO
TAX COLLECTOR

MARC CASTALDI
DEPUTY COLLECTOR

MUNICIPAL LIEN CERTIFICATE
CITY OF PROVIDENCE - OFFICE OF THE COLLECTOR -
CITY HALL PROVIDENCE, R.I. 02903 (401) 331-5252

DATE	PLAT	LOT	UNIT	LOCATION	CERT #	PAGE
December 10, 2008	027	0280	0000	429 Valley St	65,922	1

ASSESSED GNL Realty Valley LLC
OWNER Bette Licht Krom

Barbara S Rubin
RAL Realty Limited Partnership

STATUS OF REAL ESTATE BILL AS OF DATE PRINTED

YR	TYPE	ORIGINAL TAX	CHARGE	ADJUSTMENT ABATEMENT	PAID	BALANCE DUE	INTEREST	TOTAL DUE	BILL NAME
08	RE	\$70,856.80	\$0.00	\$0.00	\$35,428.40	\$35,428.40	\$0.00	\$35,428.40	GNL Realty Valley LI
		<u>\$70,856.80</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$35,428.40</u>	<u>\$35,428.40</u>	<u>\$0.00</u>	<u>\$35,428.40</u>	

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Note:

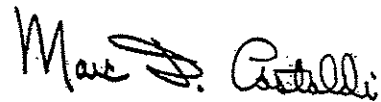
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City of Providence
City Hall
Providence, RI 02903



ROBERT P. CEPRANO
TAX COLLECTOR

MARC CASTALDI
DEPUTY COLLECTOR

MUNICIPAL LIEN CERTIFICATE
CITY OF PROVIDENCE - OFFICE OF THE COLLECTOR
CITY HALL PROVIDENCE, R.I. 02903 (401) 331-5252

DATE	PLAT	LOT	UNIT	LOCATION	CERT #	PAGE
December 10, 2008	027	0005	0000	340 Kinsley Ave	65,918	1

ASSESSED Jacob Licht Inc
OWNER

STATUS OF REAL ESTATE BILL AS OF DATE PRINTED

YR	TYPE	ORIGINAL TAX	CHARGE	ADJUSTMENT ABATEMENT	PAID	BALANCE DUE	INTEREST	TOTAL DUE	BILL NAME
08	RE	\$10,318.00	\$0.00	\$0.00	\$5,159.00	\$5,159.00	\$0.00	\$5,159.00	Jacob Licht Inc
		<u>\$10,318.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$5,159.00</u>	<u>\$5,159.00</u>	<u>\$0.00</u>	<u>\$5,159.00</u>	

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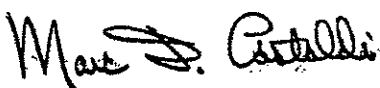
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MAILED TO: City Of Providence
25 DORRANCE ST
PROVIDENCE, RI 02903-1738



ROBERT P. CEPRANO
TAX COLLECTOR

MARC CASTALDI
DEPUTY COLLECTOR

MUNICIPAL LIEN CERTIFICATE
CITY OF PROVIDENCE - OFFICE OF THE COLLECTOR
CITY HALL PROVIDENCE, R.I. 02903 (401) 331-5252

DATE	PLAT	LOT	UNIT	LOCATION	CERT #	PAGE
December 10, 2008	027	0016	0000	350 Kinsley Ave	65,919	1

ASSESSED Jacob Licht Inc
OWNER

STATUS OF REAL ESTATE BILL AS OF DATE PRINTED

YR	TYPE	ORIGINAL TAX	CHARGE	ADJUSTMENT ABATEMENT	PAID	BALANCE DUE	INTEREST	TOTAL DUE	BILL NAME
08	RE	\$81,074.00	\$0.00	(\$5,783.97)	\$34,753.03	\$40,537.00	\$0.00	\$40,537.00	Jacob Licht Inc
		<u>\$81,074.00</u>	<u>\$0.00</u>	<u>(\$5,783.97)</u>	<u>\$34,753.03</u>	<u>\$40,537.00</u>	<u>\$0.00</u>	<u>\$40,537.00</u>	

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25 DORRANCE ST
PROVIDENCE, RI 02903-1738



ROBERT P. CEPRANO
TAX COLLECTOR

MARC CASTALDI
DEPUTY COLLECTOR

MUNICIPAL LIEN CERTIFICATE
CITY OF PROVIDENCE - OFFICE OF THE COLLECTOR
CITY HALL PROVIDENCE, R.I. 02903 (401) 331-5252

DATE	PLAT	LOT	UNIT	LOCATION	CERT #	PAGE
December 10, 2008	027	0276	0000	411 Valley St	65,920	1

ASSESSED GNL Realty Valley LLC
OWNER Bette Licht Krom

Barbara S Rubin
RAL Realty Limited Partnership

STATUS OF REAL ESTATE BILL AS OF DATE PRINTED									
YR	TYPE	ORIGINAL TAX	CHARGE	ADJUSTMENT ABATEMENT	PAID	BALANCE DUE	INTEREST	TOTAL DUE	BILL NAME
08	RE	\$21,193.20	\$0.00	\$0.00	\$10,596.60	\$10,596.60	\$0.00	\$10,596.60	GNL Realty Valley LL
		<u>\$21,193.20</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$10,596.60</u>	<u>\$10,596.60</u>	<u>\$0.00</u>	<u>\$10,596.60</u>	

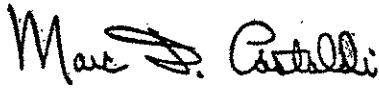
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CITY HALL PROVIDENCE, R.I. 02903 (401) 331-5252

DATE	PLAT	LOT	UNIT	LOCATION	CERT #	PAGE
December 10, 2008	027	0279	0000	68 Hemlock St	65,921	1

ASSESSED Alco 262 LLC
OWNER

STATUS OF REAL ESTATE BILL AS OF DATE PRINTED

YR	TYPE	ORIGINAL TAX	CHARGE	ADJUSTMENT ABATEMENT	PAID	BALANCE DUE	INTEREST	TOTAL DUE	BILL NAME
08	RE	\$221,771.20	\$0.00	\$0.00	\$0.00	\$221,771.20	\$13,306.27	235,077.47	Alco 262 LLC
		<u>\$221,771.20</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$221,771.20</u>	<u>\$13,306.27</u>	<u>235,077.47</u>	


INTEREST SHOWN IS VALID FOR 30 DAYS FROM DATE ISSUED. ADDITIONAL CHARGES MAY APPLY IF PAYMENT IS RECEIVED LATER THAN 30 DAYS FROM DATE.

- Note:
- Please be aware that unpaid taxes may be subject to tax sale.
 - Please contact the Water Supply Board at 521-6300.
 - Please contact the Narragansett Bay Commission at 461-8828
 - Property within designated City plat maps known as 19, 20, 24, 25, and 26 may be subject to assessment by the Downtown Providence District Management authority (aka: Downtown Improvement District). Please call (401)421-4450 for payment information.

C E R T I F I C A T I O N

THIS IS TO CERTIFY THAT THE ABOVE IS TRUE AND CORRECT, SAID CERTIFICATION BEING GIVEN IN ACCORDANCE WITH 44-7-11 OF THE GENERAL LAWS OF RHODE ISLAND 1956, AS OF THE DATE PRINTED ABOVE.

MAILED TO: City of Providence
City Hall
Providence, RI 02903


ROBERT P. CEPRANO
TAX COLLECTOR

MARC CASTALDI
DEPUTY COLLECTOR

EXHIBIT B

Stabilization For: ALCO LOT 261 PROJECT
 Date of Application: December 8, 2008
 City Ordinance: Code of Ordinances 21-160 through 21-172
 Parcels: Plat 27 Lot 276, 280, 281

STABILIZATION TERMS: LOT 276

Stabilization is Limited to 54,512 Sq.Ft. Designated Portion
 Pre-Existing Property and Tax thereon is outside of this Stabilization Agreement and is Taxed Separately
 Annual Valuation of the Designated Portion is as Finished Buildout less related Pre-Existing
 Property: Then Current Tax Rate
 Income Analysis Assumes NNN
 Stabilized Designated Portion of the Property will Capture Increases on 10% Increments [see Chart Below]
 Non- Designated Portion and Personal Property is Outside the Stabilization and is Fully Taxable

CHART:

A = Project Assessment Value
 R = Tax Rate for Tax Year
 P = Assessment Multiplied by the Tax Rate per \$1000 of Assessment Multiplied by % Taxable defined below

Stabilization Tax Year #	Project Assessment	% Taxable	Tax Rate	Stabilization Tax Payment
1	A	10%	R	P
2	A	20%	R	P
3	A	30%	R	P
4	A	40%	R	P
5	A	50%	R	P
6	A	60%	R	P
7	A	70%	R	P
8	A	80%	R	P
9	A	90%	R	P
10	A	100%	R	P

STABILIZATION TERMS: LOT 280

Stabilization is Limited to 260 Residential Units
 Pre-Existing Property and Tax thereon is adjusted annually to reflect buildout of Residential Unit at
 Time of Certificate of Occupancy
 Commercial/Office/Retail and Personal Property is Outside the Stabilization and is Fully Taxable

CHART:

Residential Components will be taxed at 8% of Designated Rent
 DR = Designated Rent

Stabilized Tax Year #	DESIGNATED RENT	Stabilization Tax Payment of 8%
1	DR	8% OF DR
2	DR	8% OF DR
3	DR	8% OF DR
4	DR	8% OF DR
5	DR	8% OF DR
6	DR	8% OF DR
7	DR	8% OF DR
8	DR	8% OF DR
9	DR	8% OF DR
10	DR	8% OF DR
11	DR	8% OF DR
12	DR	8% OF DR
13	DR	8% OF DR
14	DR	8% OF DR
15	DR	8% OF DR
16	DR	8% OF DR
17	DR	8% OF DR
18	DR	8% OF DR
19	DR	8% OF DR
20	DR	8% OF DR

EXHIBIT B

Stabilization For: ALCO LOT 261 PROJECT
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcels: Plat 27 Lot 276, 280, 281

EXHIBIT B - Page 2

STABILIZATION TERMS: LOT 281

Stabilization is Limited to 25 Residential Units
Pre-Existing Property and Tax thereon is adjusted annually to reflect buildout of Residential Unit at
Time of Certificate of Occupancy)
Commercial/Office/Retail and Personal Property is Outside the Stabilization and is Fully Taxable
Stabilization Benefit will Terminate upon Sale

CHART:

Residential Components will be taxed at 8% of Designated Rent
DR = Designated Rent

Stabilized Tax Year #	DESIGNATED RENT	Stabilization Tax Payment of 8%
1	DR	8% OF DR
2	DR	8% OF DR
3	DR	8% OF DR
4	DR	8% OF DR
5	DR	8% OF DR
6	DR	8% OF DR
7	DR	8% OF DR
8	DR	8% OF DR
9	DR	8% OF DR
10	DR	8% OF DR
11	DR	8% OF DR
12	DR	8% OF DR
13	DR	8% OF DR
14	DR	8% OF DR
15	DR	8% OF DR
16	DR	8% OF DR
17	DR	8% OF DR
18	DR	8% OF DR
19	DR	8% OF DR
20	DR	8% OF DR

This stabilization shall expire no later than twenty rears after the effective date of this Ordinance.

EXHIBIT C EXAMPLE

Stabilization For: ALCO LOT 261 PROJECT
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcels: Plat 27 Lot 276, 280, 281

STABILIZATION TERMS: LOT 276

Stabilization is limited to 54,512 Sq.Ft. Designated Portion
Pre-Existing Property and Tax thereon is outside of this Stabilization Agreement and is Taxed Separately
Annual Valuation of the Designated Portion is as Finished Buildout less related Pre-Existing
Property. Then Current Tax Rate
Income Analysis Assumes NNN
Stabilized Designated Portion of the Property will Capture increases on 10% Increments (see Chart Below)
Non- Designated Portion and Personal Property is Outside the Stabilization and is Fully Taxable

EXAMPLE

Assessment and Tax rate remain static for this EXAMPLE
Value Conclusions results assume all terms of TSA calculated
Existing Property Currently Valued at \$21.00 Per Sq. Ft.
Data Projection Provided by the Planning and Applicant

Stabilization Tax Year #	Project Assessment	% Taxable	Tax Rate	Stabilization Tax Payment	Stabilized Land Taxes	Total Tax Stabilization Portion
1	\$ 573,483	10%	28.00	\$ 1,606	\$ 1,294	\$ 2,900
2	\$ 573,483	20%	28.00	\$ 3,212	\$ 1,294	\$ 4,506
3	\$ 573,483	30%	28.00	\$ 4,817	\$ 1,294	\$ 6,111
4	\$ 573,483	40%	28.00	\$ 6,423	\$ 1,294	\$ 7,717
5	\$ 573,483	50%	28.00	\$ 8,029	\$ 1,294	\$ 9,323
6	\$ 573,483	60%	28.00	\$ 9,635	\$ 1,294	\$ 10,929
7	\$ 573,483	70%	28.00	\$ 11,240	\$ 1,294	\$ 12,534
8	\$ 573,483	80%	28.00	\$ 12,846	\$ 1,294	\$ 14,140
9	\$ 573,483	90%	28.00	\$ 14,452	\$ 1,294	\$ 15,746
10	\$ 573,483	100%	28.00	\$ 16,058	\$ 1,294	\$ 17,352

EXHIBIT C EXAMPLE

Stabilization For: ALCO LOT 261 PROJECT
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcels: Plat 27 Lot 276, 280, 281
STABILIZATION TERMS: LOT 280

Stabilization is Limited to 260 Residential Units
Pre-Existing Property and Tax thereon is adjusted annually to reflect buildout of Residential Unit at
Time of Certificate of Occupancy
Commercial/Office/Retail and Personal Property is Outside the Stabilization and is Fully Taxable
Data Projection Provided by the Planning and Applicant

EXHIBIT-C: Projected Property Taxes -- Residential For Rent EXAMPLE

Phase III (MBS/OHC)										
Final Tax Due	Inflation Factor ¹	New Construction, Olneyville Housing, McCormack Baron Salazar					Phase III Rental - Affordable			
		Phase III Rental - Market			Phase III Rental - Affordable		TOTAL			
		Per Unit	No. Of	Total	Per Unit	No. Of				Total
		Tax ²	Units	Tax	Tax ³	Units				Tax
24-Apr-09	100.0%	\$1,173	0	\$0	\$580	0	\$0	\$0		
24-Apr-10	100.0%	\$1,173	0	\$0	\$580	0	\$0	\$0		
24-Apr-11	100.0%	\$1,173	0	\$0	\$580	0	\$0	\$0		
24-Apr-12	109.3%	\$1,281	0	\$0	\$634	0	\$0	\$0		
24-Apr-13	109.3%	\$1,281	47	\$60,228	\$634	85	\$53,874	\$114,102		
24-Apr-14	109.3%	\$1,281	47	\$60,228	\$634	85	\$53,874	\$114,102		
24-Apr-15	119.4%	\$1,400	47	\$65,812	\$693	85	\$58,870	\$124,682		
24-Apr-16	119.4%	\$1,400	47	\$65,812	\$693	85	\$58,870	\$124,682		
24-Apr-17	119.4%	\$1,400	47	\$65,812	\$693	85	\$58,870	\$124,682		
24-Apr-18	130.5%	\$1,530	47	\$71,915	\$757	85	\$64,329	\$136,244		
24-Apr-19	130.5%	\$1,530	47	\$71,915	\$757	85	\$64,329	\$136,244		
24-Apr-20	130.5%	\$1,530	47	\$71,915	\$757	85	\$64,329	\$136,244		
24-Apr-21	142.6%	\$1,672	47	\$78,583	\$827	85	\$70,294	\$148,877		
24-Apr-22	142.6%	\$1,672	47	\$78,583	\$827	85	\$70,294	\$148,877		
24-Apr-23	142.6%	\$1,672	47	\$78,583	\$827	85	\$70,294	\$148,877		
24-Apr-24	155.8%	\$1,827	47	\$85,870	\$904	85	\$76,812	\$162,682		
24-Apr-25	155.8%	\$1,827	47	\$85,870	\$904	85	\$76,812	\$162,682		
24-Apr-26	155.8%	\$1,827	47	\$85,870	\$904	85	\$76,812	\$162,682		
24-Apr-27	170.2%	\$1,996	47	\$93,833	\$987	85	\$83,934	\$177,767		
24-Apr-28	170.2%	\$1,996	47	\$93,833	\$987	85	\$83,934	\$177,767		
		TOTAL						\$2,301,192		

Phase II									
Historic Rehab, Former US Rubber Buildings on Valley/Eagle St				Phase II Rental - Market					
Phase II Rental - Workforce				Phase II Rental - Market					
Per Unit No. Of		Tax		Per Unit No. Of		Tax		TOTAL	
Tax ⁴	Units	Tax		Tax ⁵	Units	Tax			
\$991	0	\$0		\$1,216	0	\$0		\$0	
\$991	0	\$0		\$1,216	0	\$0		\$0	
\$991	0	\$0		\$1,216	0	\$0		\$0	
\$1,083	25	\$27,067		\$1,329	98	\$130,246		\$157,313	
\$1,083	25	\$27,067		\$1,329	98	\$130,246		\$157,313	
\$1,083	25	\$27,067		\$1,329	98	\$130,246		\$157,313	
\$1,183	25	\$29,577		\$1,452	98	\$142,323		\$171,900	
\$1,183	25	\$29,577		\$1,452	98	\$142,323		\$171,900	
\$1,183	25	\$29,577		\$1,452	98	\$142,323		\$171,900	
\$1,183	25	\$29,577		\$1,452	98	\$142,323		\$171,900	
\$1,293	25	\$32,319		\$1,587	98	\$155,521		\$187,840	
\$1,293	25	\$32,319		\$1,587	98	\$155,521		\$187,840	
\$1,293	25	\$32,319		\$1,587	98	\$155,521		\$187,840	
\$1,293	25	\$32,319		\$1,587	98	\$155,521		\$187,840	
\$1,413	25	\$35,316		\$1,734	98	\$169,942		\$205,258	
\$1,413	25	\$35,316		\$1,734	98	\$169,942		\$205,258	
\$1,413	25	\$35,316		\$1,734	98	\$169,942		\$205,258	
\$1,413	25	\$35,316		\$1,734	98	\$169,942		\$205,258	
\$1,544	25	\$38,591		\$1,895	98	\$185,700		\$224,290	
\$1,544	25	\$38,591		\$1,895	98	\$185,700		\$224,290	
\$1,544	25	\$38,591		\$1,895	98	\$185,700		\$224,290	
\$1,544	25	\$38,591		\$1,895	98	\$185,700		\$224,290	
\$1,687	25	\$42,169		\$2,071	98	\$202,919		\$245,088	
\$1,687	25	\$42,169		\$2,071	98	\$202,919		\$245,088	
\$1,687	25	\$42,169		\$2,071	98	\$202,919		\$245,088	
\$1,687	25	\$42,169		\$2,071	98	\$202,919		\$245,088	
TOTAL								\$3,329,978	

GRAND TOTAL

\$5,631,170

¹Inflation assumed to be 3% annually, realized in years of the triennial reassessment.
²Per unit tax is equal to the total projected per unit (avg) annual rent of \$14,659 * 8%
³Per unit tax is equal to the total projected per unit (avg) annual rent of \$7,250 * 8%
⁴Per unit tax is equal to the total projected per unit (avg) annual rent of \$12,385 * 8%
⁵Per unit tax is equal to the total projected per unit (avg) annual rent of \$15,203 * 8%

This stabilization shall expire no later than twenty years after the effective date of this Ordinance.



DEPARTMENT OF ADMINISTRATION
"Building Pride In Providence"

December 18, 2008

Councilman John Igliozi
Chairman, Committee on Finance
C/O City Clerk's Office
Providence City Hall
Providence, RI 02903

Dear Chairman Igliozi:

RE: Tax Stabilization Agreement

In supplement to the Fiscal note supplied by Bruce T. Miller, Finance Director dated December 8, 2008 this letter specifically addresses the fiscal impact of the Tax Stabilization Agreements for Jacob Lich, Inc; Alco 85 LLC and GNL Realty Eagle LLC, RAL Limited Partnership. Tax Assessor John Gelati has developed the attached spreadsheets demonstrating how the tax stabilizations would affect individual properties. I concur with Mr. Gelati's work and agree that the examples demonstrate the possible minimum tax generation increases from the combined projects. As Mr. Miller stated in his Fiscal Note, the underlying commercial properties for these stabilization agreements have an escalator components which captures both the change in value and the change in tax rate. The residential properties have a stabilization component that captures 8% of the gross rentals. There is no negative impact on the City's fiscal position with respect to any of the Tax Stabilization Agreements.

Thank you for your consideration, and should you have any additional questions, please let me know.

Respectfully Submitted;



Richard Kerbel
Director of Administration

EXHIBIT B

Stabilization For: ALCO LOT 261 PROJECT
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcels: Plat 27 Lot 276, 280, 281

STABILIZATION TERMS: LOT 276

Stabilization is Limited to 54,512 Sq.Ft. Designated Portion
Pre-Existing Property and Tax thereon is outside of this Stabilization Agreement and is Taxed Separately
Annual Valuation of the Designated Portion is as Finished Buildout less related Pre-Existing
Property: Then Current Tax Rate
Income Analysis Assumes NNN
Stabilized Designated Portion of the Property will Capture Increases on 10% Increments [see Chart Below]
Non- Designated Portion and Personal Property is Outside the Stabilization and is Fully Taxable

CHART:

A = Project Assessment Value
R = Tax Rate for Tax Year
P = Assessment Multiplied by the Tax Rate per \$1000 of Assessment Multiplied by % Taxable defined below

Stabilization Tax Year #	Project Assessment	% Taxable	Tax Rate	Stabilization Tax Payment
1	A	10%	R	P
2	A	20%	R	P
3	A	30%	R	P
4	A	40%	R	P
5	A	50%	R	P
6	A	60%	R	P
7	A	70%	R	P
8	A	80%	R	P
9	A	90%	R	P
10	A	100%	R	P

STABILIZATION TERMS: LOT 280

Stabilization is Limited to 260 Residential Units
Pre-Existing Property and Tax thereon is adjusted annually to reflect buildout of Residential Unit at
Time of Certificate of Occupancy
Commercial/Office/Retail and Personal Property is Outside the Stabilization and is Fully Taxable

CHART:

Residential Components will be taxed at 8% of Designated Rent
DR = Designated Rent

Stabilized Tax Year #	DESIGNATED RENT	Stabilization Tax Payment of 8%
1	DR	8% OF DR
2	DR	8% OF DR
3	DR	8% OF DR
4	DR	8% OF DR
5	DR	8% OF DR
6	DR	8% OF DR
7	DR	8% OF DR
8	DR	8% OF DR
9	DR	8% OF DR
10	DR	8% OF DR
11	DR	8% OF DR
12	DR	8% OF DR
13	DR	8% OF DR
14	DR	8% OF DR
15	DR	8% OF DR
16	DR	8% OF DR
17	DR	8% OF DR
18	DR	8% OF DR
19	DR	8% OF DR
20	DR	8% OF DR

EXHIBIT B

Stabilization For: ALCO LOT 261 PROJECT
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcels: Plat 27 Lot 276, 280, 281

EXHIBIT B - Page 2

STABILIZATION TERMS: LOT 281

Stabilization is Limited to 25 Residential Units
Pre-Existing Property and Tax thereon is adjusted annually to reflect buildout of Residential Unit at
Time of Certificate of Occupancy)
Commercial/Office/Retail and Personal Property is Outside the Stabilization and is Fully Taxable
Stabilization Benefit will Terminate upon Sale

CHART:

Residential Components will be taxed at 8% of Designated Rent
DR = Designated Rent

Stabilized Tax Year #	DESIGNATED RENT	Stabilization Tax Payment of 8%
1	DR	8% OF DR
2	DR	8% OF DR
3	DR	8% OF DR
4	DR	8% OF DR
5	DR	8% OF DR
6	DR	8% OF DR
7	DR	8% OF DR
8	DR	8% OF DR
9	DR	8% OF DR
10	DR	8% OF DR
11	DR	8% OF DR
12	DR	8% OF DR
13	DR	8% OF DR
14	DR	8% OF DR
15	DR	8% OF DR
16	DR	8% OF DR
17	DR	8% OF DR
18	DR	8% OF DR
19	DR	8% OF DR
20	DR	8% OF DR

This stabilization shall expire no later than twenty rears after the effective date of this Ordinance.

EXHIBIT C EXAMPLE

Stabilization For: ALCO LOT 261 PROJECT
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcels: Plat 27 Lot 276, 280, 281

STABILIZATION TERMS: LOT 276

Stabilization is limited to 54,512 Sq.Ft. Designated Portion
Pre-Existing Property and Tax thereon is outside of this Stabilization Agreement and is Taxed Separately
Annual Valuation of the Designated Portion is as Finished Buildout less related Pre-Existing
Property. Then Current Tax Rate
Income Analysis Assumes NNN
Stabilized Designated Portion of the Property will Capture Increases on 10% Increments [see Chart Below]
Non- Designated Portion and Personal Property is Outside the Stabilization and is Fully Taxable

EXAMPLE

Assessment and Tax rate remain static for this EXAMPLE
Value Conclusions results assume all terms of TSA calculated
Existing Property Currently Valued at \$21.00 Per Sq. Ft.
Data Projection Provided by the Planning and Applicant

Stabilization Tax Year #	Project Assessment	% Taxable	Tax Rate	Stabilization Tax Payment	Stabilized Land Taxes	Total Tax Stabilization Portion
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3	\$ 573,483	30%	\$ 28.00	\$ 4,817	\$ 1,294	\$ 6,111
4	\$ 573,483	40%	\$ 28.00	\$ 6,423	\$ 1,294	\$ 7,717
5	\$ 573,483	50%	\$ 28.00	\$ 8,029	\$ 1,294	\$ 9,323
6	\$ 573,483	60%	\$ 28.00	\$ 9,635	\$ 1,294	\$ 10,929
7	\$ 573,483	70%	\$ 28.00	\$ 11,240	\$ 1,294	\$ 12,534
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9	\$ 573,483	90%	\$ 28.00	\$ 14,452	\$ 1,294	\$ 15,746
10	\$ 573,483	100%	\$ 28.00	\$ 16,058	\$ 1,294	\$ 17,352

EXHIBIT C EXAMPLE

Stabilization For: ALCO LOT 261 PROJECT
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcels: Plat 27 Lot 276, 280, 281
STABILIZATION TERMS: LOT 280

Stabilization is limited to 260 Residential Units
Pre-Existing Property and Tax thereon is adjusted annually to reflect buildout of Residential Unit at
Time of Certificate of Occupancy
Commercial/Office/Retail and Personal Property is Outside the Stabilization and is Fully Taxable
Data Projection Provided by the Planning and Applicant

EXHIBIT-C: Protected Property Taxes -- Residential For Rent EXAMPLE

Final Tax Due	Inflation Factor ¹	Phase III (MBS/OHC)										TOTAL
		New Construction, Olneyville Housing, McCormack Baron Salazar					Phase III Rental - Affordable					
		Phase III Rental - Market					Phase III Rental - Market					
		Per Unit	No. Of	Units	Tax	Total	Per Unit	No. Of	Units	Tax	Total	
24-Apr-09	100.0%	\$1,173	0	0	\$0	\$580	0	0	\$0	\$0	\$0	\$0
24-Apr-10	100.0%	\$1,173	0	0	\$0	\$580	0	0	\$0	\$0	\$0	\$0
24-Apr-11	100.0%	\$1,173	0	0	\$0	\$580	0	0	\$0	\$0	\$0	\$0
24-Apr-12	109.3%	\$1,281	0	0	\$0	\$634	0	0	\$0	\$0	\$0	\$0
24-Apr-13	109.3%	\$1,281	47	47	\$60,228	\$634	85	85	\$53,874	\$114,102	\$157,313	\$157,313
24-Apr-14	109.3%	\$1,281	47	47	\$60,228	\$634	85	85	\$53,874	\$114,102	\$157,313	\$157,313
24-Apr-15	119.4%	\$1,400	47	47	\$65,812	\$693	85	85	\$58,870	\$124,682	\$171,900	\$171,900
24-Apr-16	119.4%	\$1,400	47	47	\$65,812	\$693	85	85	\$58,870	\$124,682	\$171,900	\$171,900
24-Apr-17	119.4%	\$1,400	47	47	\$65,812	\$693	85	85	\$58,870	\$124,682	\$171,900	\$171,900
24-Apr-18	130.5%	\$1,530	47	47	\$71,915	\$757	85	85	\$64,329	\$136,244	\$187,840	\$187,840
24-Apr-19	130.5%	\$1,530	47	47	\$71,915	\$757	85	85	\$64,329	\$136,244	\$187,840	\$187,840
24-Apr-20	130.5%	\$1,530	47	47	\$71,915	\$757	85	85	\$64,329	\$136,244	\$187,840	\$187,840
24-Apr-21	142.6%	\$1,672	47	47	\$78,583	\$827	85	85	\$70,294	\$148,877	\$205,258	\$205,258
24-Apr-22	142.6%	\$1,672	47	47	\$78,583	\$827	85	85	\$70,294	\$148,877	\$205,258	\$205,258
24-Apr-23	142.6%	\$1,672	47	47	\$78,583	\$827	85	85	\$70,294	\$148,877	\$205,258	\$205,258
24-Apr-24	155.8%	\$1,827	47	47	\$85,870	\$904	85	85	\$76,812	\$162,682	\$224,290	\$224,290
24-Apr-25	155.8%	\$1,827	47	47	\$85,870	\$904	85	85	\$76,812	\$162,682	\$224,290	\$224,290
24-Apr-26	155.8%	\$1,827	47	47	\$85,870	\$904	85	85	\$76,812	\$162,682	\$224,290	\$224,290
24-Apr-27	170.2%	\$1,996	47	47	\$93,833	\$987	85	85	\$83,934	\$177,767	\$245,088	\$245,088
24-Apr-28	170.2%	\$1,996	47	47	\$93,833	\$987	85	85	\$83,934	\$177,767	\$245,088	\$245,088
		TOTAL										\$2,301,192

Final Tax Due	Inflation Factor ¹	Phase II										TOTAL
		Historic Rehab, Former US Rubber Buildings on Valley/Eagle St					Phase II Rental - Market					
		Phase II Rental - Workforce					Phase II Rental - Market					
		Per Unit	No. Of	Units	Tax	Total	Per Unit	No. Of	Units	Tax	Total	
24-Apr-09	100.0%	\$991	0	0	\$0	\$1,216	0	0	\$0	\$0	\$0	\$0
24-Apr-10	100.0%	\$991	0	0	\$0	\$1,216	0	0	\$0	\$0	\$0	\$0
24-Apr-11	100.0%	\$991	0	0	\$0	\$1,216	0	0	\$0	\$0	\$0	\$0
24-Apr-12	109.3%	\$1,083	25	25	\$27,067	\$1,329	98	98	\$130,246	\$157,313	\$157,313	\$157,313
24-Apr-13	109.3%	\$1,083	25	25	\$27,067	\$1,329	98	98	\$130,246	\$157,313	\$157,313	\$157,313
24-Apr-14	119.4%	\$1,183	25	25	\$29,577	\$1,452	98	98	\$142,323	\$171,900	\$171,900	\$171,900
24-Apr-15	119.4%	\$1,183	25	25	\$29,577	\$1,452	98	98	\$142,323	\$171,900	\$171,900	\$171,900
24-Apr-16	130.5%	\$1,293	25	25	\$32,319	\$1,587	98	98	\$155,521	\$187,840	\$187,840	\$187,840
24-Apr-17	130.5%	\$1,293	25	25	\$32,319	\$1,587	98	98	\$155,521	\$187,840	\$187,840	\$187,840
24-Apr-18	142.6%	\$1,413	25	25	\$35,316	\$1,587	98	98	\$155,521	\$187,840	\$187,840	\$187,840
24-Apr-19	142.6%	\$1,413	25	25	\$35,316	\$1,587	98	98	\$155,521	\$187,840	\$187,840	\$187,840
24-Apr-20	155.8%	\$1,544	25	25	\$38,591	\$1,734	98	98	\$169,942	\$205,258	\$205,258	\$205,258
24-Apr-21	155.8%	\$1,544	25	25	\$38,591	\$1,734	98	98	\$169,942	\$205,258	\$205,258	\$205,258
24-Apr-22	170.2%	\$1,687	25	25	\$42,169	\$1,895	98	98	\$185,700	\$224,290	\$245,088	\$245,088
24-Apr-23	170.2%	\$1,687	25	25	\$42,169	\$1,895	98	98	\$185,700	\$224,290	\$245,088	\$245,088
		TOTAL										\$3,329,978

GRAND TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$										

¹Inflation assumed to be 3% annually, realized in years of the triennial reassessment.

²Per unit tax is equal to the total projected per unit (avg) annual rent of \$14,659 * 8%

³Per unit tax is equal to the total projected per unit (avg) annual rent of \$7,250 * 8%

⁴Per unit tax is equal to the total projected per unit (avg) annual rent of \$12,385 * 8%

⁵Per unit tax is equal to the total projected per unit (avg) annual rent of \$15,203 * 8%

This stabilization shall expire no later than twenty years after the effective date of this Ordinance.



Finance Department
"Building Pride in Providence"

December 8, 2008

Councilman John Igliazzi,
Chairman, Committee on Finance
C/O City Clerk's Office
Providence City Hall
Providence, R.I. 02903

Dear Chairman Igliazzi:

For your consideration are the; Promenade Center Redevelopment Project Plan and Tax Increment Financing Plan and the Tax Stabilization Agreements for: Jacob Licht, Inc; ALCO 85 LLC; and GNL Realty Eagle LLC, RAL Limited Partnership.

Based on correspondence from PFM and Restivo Monacelli, LLP, the City's Financial Advisors for this project, both have provided conclusions that these projects have no adverse effects to the City of Providence. The source of evaluation for PFM and Restivo Monacelli, LLP was the TIF analysis prepared by MuniCap, Inc., Public Finance. Furthermore, I relied on Rhode Island Law; Chapter 45-32.2; *Credit of municipality not pledged*, which states that "the bonds and notes issued under this chapter payable solely from project revenues. These bonds and notes shall not at any time be included in the debt of the city or town for the purpose of ascertaining its legal borrowing capacity.

The underlying properties for these stabilization agreements that are commercial have an escalator component which captures both the change in value and the change in tax rate by 10% annually until it reaches 100% in year ten.

The underlying properties for these stabilization agreements that are residential have a component which captures 8% of gross rentals.

It should be further noted that some of the improved properties are not included in the stabilization agreement.

Thank you for your consideration, and should you have any additional questions, please let me know.

Respectfully Submitted;

Bruce T. Miller

Bruce T. Miller
Finance Director



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

99 Summer Street
Suite 1020
Boston, MA 02110-1240

617-330-6914
617-951-2361 fax
www.pfm.com

November 21, 2008

Thomas Deller,
Director of Planning and Development
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Dear Mr. Deller:

Public Financial Management, Inc. ("PFM"), as financial advisor to the City of Providence (the "City") has been asked by the City to review the study dated November 11, 2008, (the "Study") prepared by MuniCap, Inc. (the "Consultant") to Eccles & Rouse, Inc. (the "Developer") of the proposed American Locomotive Works (the "Project"), which projects the expected revenues generated from the proposed financing and measures the projected impact of the Project on the City's overall fiscal condition. The Study was undertaken by MuniCap, Inc., an economic consulting firm based in Baltimore who specializes in these types of economic impact studies as they relate to major real estate developments.

The Study examines a number of areas related to the Project development, including the projection of City revenues generated by residential taxes, commercial taxes, and personal property taxes attributable to the American Locomotive Works TIF District. The Study also projects additional revenues that would accrue to the City as a result of the development over time. In addition, the Study estimates other tax revenue, both one time and reoccurring, which will also be available to support City sponsored debt for the Project. Using the assumptions provided by the Consultant, we present the following findings:

PROJECT PLAN

The project plan presents an estimate of the project costs and the amounts and sources and uses of funds to be used to defray those costs and includes provisions for tax increment funding and/or financing of project costs in whole or in part. The project plan calls for the construction of a Riverwalk, Traffic Light, Permeable Reactive Barrier, Workforce Housing, Affordable Housing, and Job Creation (see the chart below for an itemized description of the project costs).

Project Costs	
Riverwalk	\$596,745
Traffic Light (River Ave)	\$61,567
Permeable Reactive Barrier Wall	\$451,391
Workforce Housing	\$1,125,000
Affordable Housing (MBS/OHC)	\$4,375,000
Job Creation/Econ. Development Fund	\$700,000
Total	\$7,309,703

The estimated amount of indebtedness to be incurred is \$11.275 million. The debt service projection assumes an interest rate of 7% with level debt service maturing from 2009 to 2033. Interest is capitalized in fiscal years 2009-2011, so the first principal payment will be made in fiscal year 2012. The Public Improvement Fund has been net funded such that the initial deposit of \$7,193,012, together with interest earnings at 3%, equal the total project cost, assuming funds are disbursed in equal installments to February 1, 2010. See the chart below for sources and uses of funds.

Sources	
Par	\$11,275,000
Estimated Use of Funds	
Public Improvements	7,193,012
Debt Service Reserve Fund	1,127,500
Capitalized Interest	1,722,676
Cost of Issuance	1,000,000
Underwriter's Discount	229,120
Rounding	2,692
Total	\$11,275,000

The debt service coverage for the TIF financing is shown below. In fiscal years 2012-2014, the Developer will need to cover the debt service shortfall until sufficient revenue is generated from the project (see "Coverage Ratio" in the chart below).

Period Ending	Principal	Interest (1)	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest	Net Debt Service	Estimated Revenue Stream (2)	Approximate Minimum PILOT	Coverage Ratio
7/1/2009	—	328,854	328,854	—	328,854	—	—	—	N/A
7/1/2010	—	789,250	789,250	—	789,250	—	—	—	N/A
7/1/2011	—	789,250	789,250	—	789,250	—	—	—	N/A
7/1/2012	100,000	789,250	889,250	45,100	—	844,150	231,105	613,045	0.27
7/1/2013	100,000	782,250	882,250	45,100	—	837,150	522,058	215,092	0.74
7/1/2014	100,000	775,250	875,250	45,100	—	830,150	741,733	88,417	0.89
7/1/2015	100,000	768,250	868,250	45,100	—	823,150	876,133	—	1.06
7/1/2016	100,000	761,250	861,250	45,100	—	816,150	911,229	—	1.12
7/1/2017	100,000	754,250	854,250	45,100	—	809,150	946,326	—	1.17
7/1/2018	145,000	747,250	892,250	45,100	—	847,150	1,102,952	—	1.30
7/1/2019	190,000	737,100	927,100	45,100	—	882,000	1,141,303	—	1.29
7/1/2020	200,000	723,800	923,800	45,100	—	878,700	1,141,303	—	1.30
7/1/2021	325,000	709,800	1,034,800	45,100	—	989,700	1,277,657	—	1.29
7/1/2022	350,000	687,050	1,037,050	45,100	—	991,950	1,277,657	—	1.29
7/1/2023	370,000	662,550	1,032,550	45,100	—	987,450	1,277,657	—	1.29
7/1/2024	520,000	636,650	1,156,650	45,100	—	1,111,550	1,426,654	—	1.28
7/1/2025	555,000	600,250	1,155,250	45,100	—	1,110,150	1,426,654	—	1.29
7/1/2026	595,000	561,400	1,156,400	45,100	—	1,111,300	1,426,654	—	1.28
7/1/2027	765,000	519,750	1,284,750	45,100	—	1,239,650	1,589,468	—	1.28
7/1/2028	820,000	466,200	1,286,200	45,100	—	1,241,100	1,589,468	—	1.28
7/1/2029	875,000	408,800	1,283,800	45,100	—	1,238,700	1,589,468	—	1.28
7/1/2030	1,080,000	347,550	1,427,550	45,100	—	1,382,450	1,767,379	—	1.28
7/1/2031	1,160,000	271,950	1,431,950	45,100	—	1,386,850	1,767,379	—	1.27
7/1/2032	1,240,000	190,750	1,430,750	45,100	—	1,385,650	1,767,379	—	1.28
7/1/2033	1,485,000	103,950	1,588,950	1,172,600	—	416,350	1,961,787	—	4.71
\$11,275,000		\$14,912,654	\$26,187,654	\$2,119,700	\$1,907,354	\$22,180,600	\$27,859,403	\$916,554	

(1) Assumes an interest rate of 7.0%
(2) Revenue Stream taken from 11/19/2008 MuniCap Projection #39

It is expected that approximately \$51,074,192 million in revenue will be generated from the financing, of which \$38,305,644 is earmarked to cover debt service. The tax increment financing method is implemented by first designating a tax increment finance district corresponding to the parcels of land benefitting from the proposed improvements. Property values are determined for these parcels, and assessments are "frozen" at that level for normal taxing purposes (see table below).

Tax Parcel	Land Value	Building Value	Total Assessed Value
027-0005-0000	\$307,400	\$61,100	\$368,500
027-0016-0000	1,302,800	1,592,700	2,895,500

027-0262-0000	810,200	8,400	818,600
027-0276-0000	306,200	450,700	756,900
027-0278-0000	280,000	60,500	340,500
027-0279-0000	2,127,700	5,792,700	7,920,400
027-0280-0000	1,038,700	1,491,900	2,530,600
027-0281-0000	173,900	0	173,900
Total			\$15,804,900

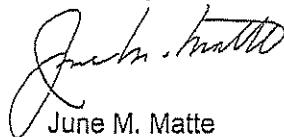
Type	Allocation Percentage	Base Value
For Sale Residential	5%	\$842,856
Rental Apartments	25%	\$3,932,473
Commercial	70%	\$11,029,571
Total		\$15,804,900

The actual values and assessments of those properties within the tax increment district increase due to the public improvements implemented in the designated areas. Increases in assessed value will result in an increment in tax revenue beyond the frozen base level, and this amount is then diverted to the Developer financing the improvements.

After having reviewed the Consultant's report, PFM believes that the conclusions presented are reasonable given the methodology employed and recognizing that there are limitations to this type of projected fiscal analysis. Overall, the Consultant has been reasonably conservative in the development of the assumptions utilized in the analysis.

Please feel free to contact me if you have any further questions.

Sincerely,



June M. Matte
Managing Director

THE CITY OF PROVIDENCE
AGREED-UPON PROCEDURES REPORT



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• OFFICE 1200

**INDEPENDENT ACCOUNTANTS REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the City of Providence
Department of Planning and Development
Providence, RI 020903

RE: American Locomotive Works TIF District
Providence, RI
TIF Bond Projections-Project No. 59

We have performed the procedures enumerated below, which were agreed to by the City of Providence Department of Planning and Development, solely to assist you with respect to the report prepared by MuniCap, Inc. that projects the net revenue available from incremental tax proceeds generated from the development of the residential and commercial project known as American Locomotive Works and debt service payments to repay the bond procedures used to fund public improvements and bond issuance costs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and findings are as follows:

- We read the report prepared by MuniCap, Inc. and noted the following in preparation of the computation of the PILOT revenue to support the annual debt service of the projected bond:
 - Total sources and uses of bond funds as detailed in Exhibit A.
 - Bond assumptions as detailed on Exhibit B.
- We noted the following assumptions:
 - The property tax increment revenue.
 - Commercial tax treaty and phased in PILOT proceeds.
 - Bond amortization assumptions.
 - Residential tax rate of 8% for rentals.
 - Revised development summary, tax rates, and base parcel valuations.
 - Updated fiscal impact and projected revenues and tax incremental revenues by parcel.

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- We recalculated and traced assumptions to the projections and computations used to calculate the available debt service by parcel available to amortize the bond over the projected life assuming the terms projected in Exhibit B. No exceptions were noted.
- We recalculated the additional annual costs to the City of Providence as a result of the proposed development. We noted the following:
 - Based on interviews management conducted with Department of Finance Deputy Director and CFO of City Public Schools, the development will not have an impact on the following departments:
 - City Sergeant, Law Department, Municipal Court, Probate Court, contingencies, Housing Court, Finance Department (excluding street lighting), Commissioner of Public Safety, Department of Communications, building inspections, Department of Public Works (excluding environmental control - street sweeping, snow removal and sewer construction), parks, school department, recorder of deeds, vital statistics, board of licenses, emergency management, Planning and Development, City Council administration, Office of Internal Auditor, archives, Department of Human Services, Office of Arts, Culture and Tourism and P.E.R.A.
- We noted that the additional projected net revenue for all of the parcels to the City of Providence over thirty years from the proposed development after servicing debt and projected annual costs and verified the mathematical accuracy.
- We noted that the calculations in the report are based on projected assumptions of development timing, lease up assumptions, projected tax revenue rates, inflation rates and various other assumptions. These assumptions are management's best estimate of the projected results based on management's knowledge and third party information. Due to the nature of projections, actual results will be different than projections and the differences could be material.

Based upon the agreed upon procedures and findings outlined above, nothing came to our attention that indicates that the projections do not fairly represent the projected results based upon the assumptions used to prepare the report.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Providence and the Department of Planning and Development and is not intended to be and should not be used by anyone other than those specified parties.

Restivo Monacelli LLP

November 20, 2008

SOURCES AND USES OF FUNDS AND BOND ISSUANCE ASSUMPTIONS

Sources of funds:

Total bond proceeds	\$ 11,456,000
Interest earned in the improvement fund	<u>117,410</u>
Total sources of funds	<u>\$ 11,573,410</u>

Total uses of funds:

Public improvements	\$ 7,309,703
Issuance costs	1,095,477
Underwriter's discount	229,120
Capitalized interest	1,793,457
Reserve fund	1,145,600
Rounding	<u>53</u>
Total uses of funds	<u>\$ 11,573,410</u>

BOND ASSUMPTIONS

Maturity	24.42 years
Interest	2.42 years
Amortization	22 years
Bond coupon rate	7.00%
Reinvestment rates:	
Reserve fund	4.00%
Improvement fund	3.00%
Capitalized interest account	3.00%
Date bonds issued	1-Feb-09
Dates payments due:	
Interest	January 1 and July 1
Principal	July 1
Capitalized interest:	
Interest funded through	1-Jul-11
Months interest funded	29

TITLE 45
Towns and cities

CHAPTER 45-33.2
Tax Increment Financing

SECTION 45-33.2-11

§ 45-33.2-11 Credit of municipality not pledged. – The bonds and notes issued under this chapter are payable solely from project revenues. These bonds and notes shall not at any time be included in the debt of the city or town for the purpose of ascertaining its legal borrowing capacity.

**THE CITY OF PROVIDENCE
AGREED-UPON PROCEDURES REPORT**

**INDEPENDENT ACCOUNTANTS REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the City of Providence
Department of Planning and Development
Providence, RI 020903

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Providence, RI
TIF Bond Projections-Project No. 59

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This report is intended solely for the information and use of the City of Providence and the Department of Planning and Development and is not intended to be and should not be used by anyone other than those specified parties.

Restivo Monacelli LLP

November 20, 2008

SOURCES AND USES OF FUNDS AND BOND ISSUANCE ASSUMPTIONS

Sources of funds:

Total bond proceeds	\$ 11,456,000
Interest earned in the improvement fund	117,410
Total sources of funds	<u>\$ 11,573,410</u>

Total uses of funds:

Public improvements	\$ 7,309,703
Issuance costs	1,095,477
Underwriter's discount	229,120
Capitalized interest	1,793,457
Reserve fund	1,145,600
Rounding	53
Total uses of funds	<u>\$ 11,573,410</u>

BOND ASSUMPTIONS

Maturity	24.42 years
Interest	2.42 years
Amortization	22 years
Bond coupon rate	7.00%
Reinvestment rates:	
Reserve fund	4.00%
Improvement fund	3.00%
Capitalized interest account	3.00%
Date bonds issued	1-Feb-09
Dates payments due:	
Interest	January 1 and July 1
Principal	July 1
Capitalized interest:	
Interest funded through	1-Jul-11
Months interest funded	29



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

99 Summer Street
Suite 1020
Boston, MA 02110-1240

617-330-6914
617-951-2361 fax
www.pfm.com

November 21, 2008

Thomas Deller,
Director of Planning and Development
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Dear Mr. Deller:

Public Financial Management, Inc. ("PFM"), as financial advisor to the City of Providence (the "City") has been asked by the City to review the study dated November 11, 2008, (the "Study") prepared by MuniCap, Inc. (the "Consultant") to Eccles & Rouse, Inc. (the "Developer") of the proposed American Locomotive Works (the "Project"), which projects the expected revenues generated from the proposed financing and measures the projected impact of the Project on the City's overall fiscal condition. The Study was undertaken by MuniCap, Inc., an economic consulting firm based in Baltimore who specializes in these types of economic impact studies as they relate to major real estate developments.

The Study examines a number of areas related to the Project development, including the projection of City revenues generated by residential taxes, commercial taxes, and personal property taxes attributable to the American Locomotive Works TIF District. The Study also projects additional revenues that would accrue to the City as a result of the development over time. In addition, the Study estimates other tax revenue, both one time and reoccurring, which will also be available to support City sponsored debt for the Project. Using the assumptions provided by the Consultant, we present the following findings:

PROJECT PLAN

The project plan presents an estimate of the project costs and the amounts and sources and uses of funds to be used to defray those costs and includes provisions for tax increment funding and/or financing of project costs in whole or in part. The project plan calls for the construction of a Riverwalk, Traffic Light, Permeable Reactive Barrier, Workforce Housing, Affordable Housing, and Job Creation (see the chart below for an itemized description of the project costs).

Project Costs	
Riverwalk	\$596,745
Traffic Light (River Ave)	\$61,567
Permeable Reactive Barrier Wall	\$451,391
Workforce Housing	\$1,125,000
Affordable Housing (MBS/OHC)	\$4,375,000
Job Creation/Econ. Development Fund	\$700,000
Total	\$7,309,703

The estimated amount of indebtedness to be incurred is \$11.275 million. The debt service projection assumes an interest rate of 7% with level debt service maturing from 2009 to 2033. Interest is capitalized in fiscal years 2009-2011, so the first principal payment will be made in fiscal year 2012. The Public Improvement Fund has been net funded such that the initial deposit of \$7,193,012, together with interest earnings at 3%, equal the total project cost, assuming funds are disbursed in equal installments to February 1, 2010. See the chart below for sources and uses of funds.

Sources	
Par	\$11,275,000
Estimated Use of Funds	
Public Improvements	7,193,012
Debt Service Reserve Fund	1,127,500
Capitalized Interest	1,722,676
Cost of Issuance	1,000,000
Underwriter's Discount	229,120
Rounding	2,692
Total	\$11,275,000

The debt service coverage for the TIF financing is shown below. In fiscal years 2012-2014, the Developer will need to cover the debt service shortfall until sufficient revenue is generated from the project (see "Coverage Ratio" in the chart below).

Period Ending	Principal	Interest ⁽¹⁾	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest	Net Debt Service	Estimated Revenue Stream ⁽²⁾	Approximate Minimum PILOT	Coverage Ratio
7/1/2009	—	328,854	328,854	—	328,854	—	—	—	N/A
7/1/2010	—	789,250	789,250	—	789,250	—	—	—	N/A
7/1/2011	—	789,250	789,250	—	789,250	—	—	—	N/A
7/1/2012	100,000	789,250	889,250	45,100	—	844,150	231,105	613,045	0.27
7/1/2013	100,000	782,250	882,250	45,100	—	837,150	622,058	215,092	0.74
7/1/2014	100,000	775,250	875,250	45,100	—	830,150	741,733	88,417	0.89
7/1/2015	100,000	768,250	868,250	45,100	—	823,150	876,133	—	1.06
7/1/2016	100,000	761,250	861,250	45,100	—	816,150	911,229	—	1.12
7/1/2017	100,000	754,250	854,250	45,100	—	809,150	946,326	—	1.17
7/1/2018	145,000	747,250	892,250	45,100	—	847,150	1,102,952	—	1.30
7/1/2019	190,000	737,100	927,100	45,100	—	882,000	1,141,303	—	1.29
7/1/2020	200,000	723,800	923,800	45,100	—	878,700	1,141,303	—	1.30
7/1/2021	325,000	709,800	1,034,800	45,100	—	989,700	1,277,657	—	1.29
7/1/2022	350,000	687,050	1,037,050	45,100	—	991,950	1,277,657	—	1.29
7/1/2023	370,000	662,550	1,032,550	45,100	—	987,450	1,277,657	—	1.29
7/1/2024	520,000	636,650	1,156,650	45,100	—	1,111,550	1,426,654	—	1.28
7/1/2025	555,000	600,250	1,155,250	45,100	—	1,110,150	1,426,654	—	1.29
7/1/2026	585,000	561,400	1,156,400	45,100	—	1,111,300	1,426,654	—	1.28
7/1/2027	765,000	519,750	1,284,750	45,100	—	1,239,650	1,589,468	—	1.28
7/1/2028	820,000	466,200	1,286,200	45,100	—	1,241,100	1,589,468	—	1.28
7/1/2029	875,000	408,600	1,283,600	45,100	—	1,238,700	1,589,468	—	1.28
7/1/2030	1,080,000	347,550	1,427,550	45,100	—	1,382,450	1,767,379	—	1.28
7/1/2031	1,160,000	271,950	1,431,950	45,100	—	1,386,850	1,767,379	—	1.27
7/1/2032	1,240,000	190,750	1,430,750	45,100	—	1,385,650	1,767,379	—	1.28
7/1/2033	1,485,000	103,950	1,588,950	1,172,600	—	416,350	1,961,787	—	4.71
\$11,275,000 \$14,912,654 \$26,187,654 \$2,119,700 \$1,907,354 \$22,160,600 \$27,859,403 \$916,554									

(1) Assumes an interest rate of 7.0%
(2) Revenue Stream taken from 11/19/2008 MuniCap Projection #39

It is expected that approximately \$51,074,192 million in revenue will be generated from the financing, of which \$38,305,644 is earmarked to cover debt service. The tax increment financing method is implemented by first designating a tax increment finance district corresponding to the parcels of land benefitting from the proposed improvements. Property values are determined for these parcels, and assessments are "frozen" at that level for normal taxing purposes (see table below).

Tax Parcel	Land Value	Building Value	Total Assessed Value
027-0005-0000	\$307,400	\$61,100	\$368,500
027-0016-0000	1,302,800	1,592,700	2,895,500

027-0262-0000	810,200	8,400	818,600
027-0276-0000	306,200	450,700	756,900
027-0278-0000	280,000	60,500	340,500
027-0279-0000	2,127,700	5,792,700	7,920,400
027-0280-0000	1,038,700	1,491,900	2,530,600
027-0281-0000	173,900	0	173,900
Total			\$15,804,900

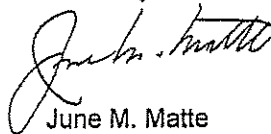
Type	Allocation Percentage	Base Value
For Sale Residential	5%	\$842,856
Rental Apartments	25%	\$3,932,473
Commercial	70%	\$11,029,571
Total		\$15,804,900

The actual values and assessments of those properties within the tax increment district increase due to the public improvements implemented in the designated areas. Increases in assessed value will result in an increment in tax revenue beyond the frozen base level, and this amount is then diverted to the Developer financing the improvements.

After having reviewed the Consultant's report, PFM believes that the conclusions presented are reasonable given the methodology employed and recognizing that there are limitations to this type of projected fiscal analysis. Overall, the Consultant has been reasonably conservative in the development of the assumptions utilized in the analysis.

Please feel free to contact me if you have any further questions.

Sincerely,



June M. Matte
Managing Director



City of Providence

Providence Department of
Planning and Development

400 Westminster Street
Providence, Rhode Island 02903

401 351 4300 OFFICE
401 351 9533 FAX

Thomas E. Deller AICP
Director

www.providenceri.com
www.providenceplanning.org

December 8th, 2008

Councilman John J. Igliazzi, Esquire
Chairman - Committee on Finance
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Re: ALCO Project

Dear Councilman Igliazzi:

This letter is in response to your letter of December 3rd, 2008 in which you raised a series of questions about the proposed Tax Incremental Finance Plan for the ALCO Project. Your letter was sent jointly to Eric Busch, Development Director for SBER and to me. Your questions were divided into three parts - Developer, Project, City. By this letter, I am responding to the questions addressed to the city.

At this time, I am taking the opportunity to forward additional information for your use. Attached to this letter is the following:

1. ALCO Project - Response to the December 3rd questions from Chairman Igliazzi
Attached to this information sheet is a series of letters expanding upon the reasons for the proposed TIF projects
2. The City of Providence - Agreed Upon Procedures Report
This is an independent accountant's review of the proposed TIF prepared by Restivo Monacelli LLP.
3. November 21st, 2008 letter from The PFM Group
This is a review, by the city's financial advisor, of the financial projections prepared by MuniCap, Inc. for SBER.

Please let us know if there is anything else that you need to complete your review of this project.

Sincerely,

Thomas E. Deller, AICP
Director

Attachments

PROVIDENCE THE CREATIVE CAPITAL

David N. Cicilline, Mayor

EDWARDS ANGELL PALMER & DODGE LLP

2800 Financial Plaza Providence, RI 02903 401.274.9200 fax 401.276.6611 capdlaw.com

December 8, 2008

Mr. Thomas E. Deller, Director
Providence Department of Planning and Development
400 Westminster Street
Providence, Rhode Island 02903

Re: Tax Increment Financing

Dear Thom,

You have asked me to answer a series of questions regarding tax increment financing.

1. Are TIF bonds a pledge of the full faith and credit of the City? No.

TIF bonds are special obligations payable only from the "project revenues," including, but not limited to the tax increment. "Project revenues" include any receipts of the City with respect to a project or the tax increment area relating to it such as tax increments, repayments of loans, investment earnings, proceeds of insurance, or disposition of property. TIF bonds are not general obligations payable from the full faith and credit and taxing power of the City.

2. What happens if there isn't enough tax increment to pay the TIF Bonds, who is liable, who must make up the short fall, what are the implications for the City?

Assuming that the City has not given a moral obligation pledge (discussed below), if project revenues including tax increment, are not sufficient to pay the TIF Bonds, the City has no legal obligation to pay the bonds. This limitation would be fully and prominently disclosed to any investors who might purchase the TIF Bonds. It may be argued that if the City's "name is on the TIF Bond" and if the TIF Bond goes into default, that such a TIF Bond default may have an adverse effect on the City's reputation as bond market participant and make it difficult or more expensive for the City to access the public debt markets in the future. As a legal matter, the City has no obligation to pay. While still not a legal obligation to pay the TIF Bonds, if the TIF Bonds carry the moral obligation of the City¹, there is a higher market expectation that the City will step up to the plate to pay the bonds.

¹ Moral obligation refers to any structure where the Mayor of the City covenants to include an amount necessary to pay the debt in the annual budget of the City and contains a best efforts covenant to seek the appropriation of the funds.

3. RIGL 45-33.2-2 permits the proceeds of TIF the Bonds to finance housing that is consider "low rentals", is workforce housing or is housing that is limited to families who make 100% or lower of AMI eligible for TIF funding?

RIGL 45-33.2-2 is the Legislative finding section of the TIF Act, which reads as follows:

§ 45-33.2-2 Legislative findings. — It is found and declared that for the public health, safety, morals, and welfare of the people of the state generally, the increase of their commerce, welfare, and prosperity and the improvement of their housing, employment and educational opportunities and general living conditions, as well as in order to remedy the conditions found to exist in the state as declared in § 45-31-3, it is essential to provide new employment opportunities to prevent, arrest, and alleviate blighted, decayed, and substandard areas in cities and towns, to increase the supply of housing available to homeowners and to tenants at low rentals, to increase the tax base, to encourage the development of undeveloped land in the town of West Greenwich, and to improve the general economy of the state; and that it is the purpose of this chapter to provide an additional and alternative means to cities and towns to fund and/or finance municipal and other public facilities and residential, commercial and industrial development and revitalization, home ownership; and programs to combat poverty, improve municipal and neighborhood living conditions and provide improved employment and educational opportunities, all to the public benefit and good, in the manner provided in this chapter.

Much of the language relates to improvement of living conditions. The TIF statute does not provide any state law standards regarding what constitutes low rental housing or low income housing. Probably the best way to respond to the question is to point out that the TIF statute permits funding for housing purposes. However, in order to issue bonds on a tax-exempt basis, the bonds would have to be issued as qualified housing bonds, the Project must satisfy various tax law requirements regarding percentage of low income units and income requirements.

4. Is the tax increment used to pay a TIF bond excluded from the levy cap? Yes, under certain circumstances.

In general, a tax increment shall be included in the calculation of the maximum tax a city or town may levy pursuant to the provisions of § 44-5-2 of the general laws (Former bill S. 3050 or the "Paiva-Weed Act"). During the last legislative session, the General Assembly adopted an amendment to the TIF Act, RIGL § 45-33.2-21 (the "TIF Amendment") which excludes a portion of the tax increment from such calculation for a period of time.

The TIF Amendment now permits tax increment revenues to be excluded to the extent that inclusion of a tax increment in a tax levy causes a municipality to exceed the maximum levy. Such excess shall be excluded from such calculation for a period not to exceed twenty-five (25) years if:

- (1) Such excess tax increment is allocable to: (a) the payment of the principal of or interest on any special obligation bonds issued under the provisions of § 45-33.2-6, to fund certain types

of projects described in subdivisions 45-33.2-3(2)(i), (ii) or (iii); (b) any requirement to fund any reserve or satisfy any other financial requirement in connection with the issuance of such bonds; or (c) any payments made to directly fund certain projects; and

(2) The project is determined by the division of property valuation in the department of revenue to be: (a) within or contiguous to the tax increment area; or (b) substantially related to the improvements giving rise to the tax increment; or (3) reasonably necessary to assure the private investment required to generate the tax increment.

5. If an ordinance adopting the Project Plan is not approved until January, can the City set December 31, 2007 as the Base Date under the TIF Act? No

Current law provides that the "Base Date" from which to calculate the tax increment is the last assessment date next preceding the adoption of the project plan. In Providence, taxes are assessed on the last day of December of each year. Therefore, if the Project Plan is adopted before December 31, 2008, the Base Date for calculation of the increment will be December 31, 2007 and the assessed value of any improvements made after the Base Date will be included in the calculation of the tax increment. If the Project Plan is adopted after December 31, 2008, the Base Date will be December 31, 2008 and the tax increment will not include the assessed value of any improvements made prior to the Base Date. Ideally, the City wants to have as much of the increase in assessed value as possible included in the tax increment. By postponing the adoption of the Project Plan, the City will lose the opportunity to include assessed value increases during calendar year 2008 in the tax increment.

The TIF Act outlines all of the steps required for the proper adoption of a project plan, and other requirements of issuing TIF Bonds, including consultation between the redevelopment agency and the planning commission prior to submission to the city council, and a report from the planning commission regarding conformity with the comprehensive plan, publication requirements and public hearing requirements. You should note that as I have not been involved in the development and approval process of the Project Plan, that I cannot express any opinion regarding the extent to which requirements of the TIF Act have been satisfied.

Very truly yours,



Karen S.D. Grande, Esq.

American Locomotive Works (ALCO) Project
Response to the December 3rd, 2008 Questions from Chairman Igliazzi

1. Legal opinion . . . that analyzes the city's liabilities and responsibilities associated with the bond, i.e., any scenarios in which the city would be responsible for repayment of the bond if the tax revenues fall short, and the impact on the city's bond rating if the developer subsequently defaults on the bond payments.

See Attachment 1 - Letter from Karen S. D. Grande of Edwards and Angell

2. Independent assessment of the public benefit of the project

This project consists of several parts and as a result, the public benefit statements will be supplied by different independent organizations. We are working on obtaining these statements. Attached or to be supplied are:

- *Attachment 2a – Riverwalk and Permeable Reactive Barrier Wall – a letter from Woonasquatucket Watershed Council*
- *Attachment 2b – Traffic Light (River Avenue) - As part of the Land Development approval process, SBER was required to have an independent assessment of traffic carried out. This assessment completed by Fuss and O'Neil identified the deficiencies in traffic flow at the intersection of Valley Street and River Avenue and called for the installation of an upgraded traffic light. The plans were reviewed and approved by the city's Traffic Engineer. Attached are the letter from the City Plan Commission requiring the developer to work with the city traffic engineer on traffic issues and a letter from the city's traffic engineer approving the traffic light. The full traffic analysis is available for review.*
- *Attachment 2c - Affordable and Workforce Housing benefit – a letter from Rhode Island Housing*
- *Attachment 2d - Job Creation and Economic Development Fund – a letter from CB Richard Ellis*

3. Explanation for how the bond will be guaranteed

The TIF bond is not a pledge of the full faith and credit of the city, but a pledge of the tax increment that is expected from the TIF District; therefore the city is not responsible for any short fall in tax increment (See Number 1 above). We will create a TIF assessment that would be imposed if there is a short fall in tax increment. This assessment would be collected like taxes and would be assessed on the properties in the TIF District. The assessment would be proportionally allocated to all the properties in the TIF District. Failure to pay the TIF assessment would result in a tax lien against the property.

4. Projected new tax revenue for the city over 25 years

See Attachment 4 - Schedule XII page 26 prepared by Municap for SBER attached.

5. Estimated annual payments on all City go bonds, how many bonds the city holds and how much is owed; current debt to bond ratio

Currently, the City has \$105.075 million in outstanding GO bonds with a capacity of \$277 million. See attachments for estimated annual debt service payments and detailed calculations of the City's debt capacity (debt to bond ratio). See Attachments 5a – Calculation of Debt Limit and 5b – Debt Payment Schedule.



WOONASQUATUCKET RIVER WATERSHED COUNCIL

Donald T. Burns
President
Smithfield
November 21, 2008
Providence City Council
City Council Office
25 Dorrance Street
Room 310
Providence, RI 02903-3215

Jean Lynch
Secretary
Johnston

Re: American Locomotive Works Hearing scheduled for Monday, November 24, 2008

Joe Baer
Providence

Dear City Council:

Maurice Bourget
North Smithfield

On Thursday, November 6, 2008, Eric Busch of American Locomotive Works (ALCO) and Frank Shea of Olneyville Housing Corporation attended the Woonasquatucket River Watershed Council's (WRWC) regularly scheduled board meeting to present plans for the ALCO property including their TIF bond proposal to assist in funding plan implementation.

Donald P. Gagnon
North Smithfield

Eugenia Marks
Providence

Following the presentation, the WRWC board met privately to discuss the proposal. As a result, the board directed me to submit this letter to the City Council regarding the ALCO proposed plans.

Paul McElroy
North Providence

Jane B. Sherman
Providence

Regarding the environmental improvements on the ALCO property, the "Riverwalk" and the "Permeable Barrier Wall", WRWC would like to make it known that we strongly support these measures. The "Riverwalk" will provide much needed public access to passive enjoyment and environmental protection of the Woonasquatucket River. The "Permeable Barrier Wall" will eliminate chromium inputs to the Woonasquatucket from the ALCO site. Heavy metal contamination has long been a priority pollution concern for the health and safety of the Woonasquatucket River, therefore, WRWC urges the City Council to support this property improvement measure as we do.

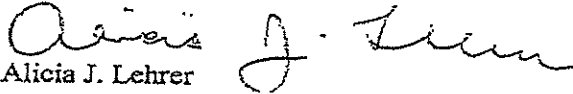
Alicia J. Lehrer
Executive Director

Lisa Aurecchia
Program Director

Regarding the TIF funding proposal on the table to assist with ALCO site plans, the WRWC board is not in a position to comment. Our board and staff have no expertise in this area.

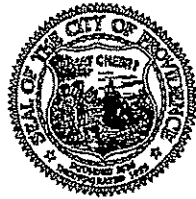
The WRWC sends apologies that neither board nor staff members were available to attend the November 24, 2008 hearing. However, with this letter we wish to make our position known to the Council.

Sincerely,


Alicia J. Lehrer
Executive Director

Printed on 100% post-consumer recycled paper, processed chlorine free, with vegetable inks.

JOHN D. NICKELSON, P. E.
Director



DAVID N. CICILLINE
Mayor

Department of Public Works
Division of Traffic Engineering
"Building Pride in Providence"

June 11, 2007

Struever Bros. Eccles & Rouse, Inc
Mr. Eric Busch, Development Director
166 Valley Street
Providence, RI 02909

Re: American Locomotive Traffic Memo of May 4, 2007

Dear Mr. Busch:

The Division of Traffic Engineering has reviewed the Phase II Traffic Statement presented in a memorandum dated May 4, 2007. Based on this review, I have determined that the proposed improvements to the traffic signal at the intersection of Valley Street and River Ave as well as the westbound left turn lane into the River Ave Extension must be completed as part of the Phase II development program.

I understand that SBER is contemplating site access changes as part of the Phase III development program. The Traffic Engineering Division will review any proposed changes to site access as part of the Phase III approval process. Should SBER submit for Phase III approval before the completion of construction on Phase II (including traffic improvements) the Traffic Engineering Division will review any proposed changes to site access at that time, including a reevaluation the required Phase II improvements.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Bernard Lebby".

E. Bernard Lebby
Traffic Engineer

cc: Thomas E. Deller, Planning and Development



Providence City Plan Commission

DAVID N. CICILLINE
Mayor

August 22, 2006

Anna M. Stetson, City Clerk
Office of the City Clerk
Providence City Hall
25 Dorrance Street
Providence, RI 02903

**Re: Notice of Approval and Notice of Appeal for Major Land Development Project
06-051MA, American Locomotive at 555 Valley Street (Phase 1)**

Dear Ms. Stetson:

In accordance with Rhode Island General Laws Section 45-23-67, the City Plan Commission is required to post its decision on major and minor subdivisions and land development projects in the Office of the City Clerk to begin the 20-day appeal period. Therefore, this letter serves as notice that a decision has been rendered on the subject matter. **This letter must be posted in your office for a period of 20 days, beginning with the day you receive this letter.** Any appeals to this decision must be immediately transmitted to this Department. If no appeals are filed, this letter may be removed from your bulletin board 20 days after it has been posted.

The Commission approved the Preliminary Plan for the subject Major Land Development Project on Tuesday, July 25, 2006.

The Commission made the following findings of fact:

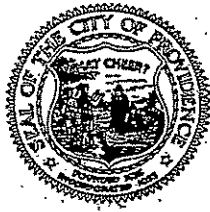
1. *Consistency - The proposed development is consistent with the Comprehensive Plan and/or has satisfactorily addressed the issues where there may be inconsistencies.*

The subject property is identified as Limited Manufacturing in Providence 2000: The Comprehensive Plan. These areas are intended to accommodate a variety of uses that do not pose toxic, explosive or environmental hazards. The proposed reuse of the American Locomotive site with a mixture of commercial, residential, and office uses is consistent with this designation.

2. *Compliance with Zoning Ordinance - The proposed development is in compliance with the standards and provisions of the Zoning Ordinance.*

The proposed project is consistent with the use and dimensional requirements of the M-1

400 WESTMINSTER STREET - PROVIDENCE, RHODE ISLAND 02903-3215 - (401)351-4300 - FAX (401)351-9533
e-mail: planning@providenceri.com or visit us on the web at: www.providenceri.com/planning



Providence City Plan Commission

DAVID N. CICILLINE
Mayor

August 22, 2006

Anna M. Stetson, City Clerk
Office of the City Clerk
Providence City Hall
25 Dorrance Street
Providence, RI 02903

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06-051MA, American Locomotive at 555 Valley Street (Phase 1)**

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The proposed project is consistent with the use and dimensional requirements of the M-1

400 WESTMINSTER STREET - PROVIDENCE, RHODE ISLAND 02903-3215 - (401)351-4300 - FAX (401)351-9533
e-mail: planning@providenceri.com or visit us on the web at: www.providenceri.com/planning

zone. The plan supplies 524 parking spaces, exceeding the requirement of 417 parking spaces for the 208,000 sq. ft. of office and retail space proposed. Per a condition of the Master Plan approval, the applicant has developed both temporary and permanent landscaping plans, both of which conform to Section 425 of the ordinance

3. *Environmental Impact - There will be no significant environmental impacts from the proposed development as shown on the final plan, with all required conditions for approval.*

Through environmental remediation of the site, the creation of pervious surfaces, and improvements to the stormwater runoff system, the applicant will improve environmental conditions on the site.

4. *Buildable Lot - The subdivision or development project, as proposed, will not result in the creation of individual lots with such physical constraints to development that building on those lots according to pertinent regulations and building standards would be impracticable. (Buildable Lot is defined as "A lot where construction for the use(s) permitted on the site under the Zoning Ordinance is considered impracticable by the City Plan Commission, considering the physical constraints to development of the site as well as the requirements of pertinent federal, state and local regulations.) Lots with such physical constraints to development may be created only if identified as permanent open space or permanently reserved for a public purpose on the approved, recorded plans.*

There will be no physical constraints that impact redevelopment of this property.

5. *Street Access - All proposed development projects and all subdivision lots shall have adequate and permanent physical access to a public street. Lot frontage on a public street without physical access shall not be considered compliance with this requirement.*

Adequate street access is provided.

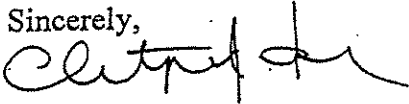
Based on the findings of fact, the City Plan Commission voted to approve the Preliminary Plan Stage for Phase 1 subject to the following conditions:

1. The proposed east-west road through the site shall be designated a private driveway. Whether the road becomes a public right of way shall be addressed at a later date.
2. Trees along the intrenal driveway shall be added either in future phases or if and when it the driveway becomes a public road.
3. The applicant shall work with the Traffic Engineer to upgrade or install signals at the Valley Street intersections with River Ave. and Eagle Street. These improvements are to be made at a time to be determined by the Traffic Engineer. The applicant shall continue to meet with the Department of Planning and Development and the Traffic Engineer to review traffic conditions as the development proceeds, determine key issues, mitigation measures, and the scope of work for additional traffic studies for the various phases of development. The Commission reserves the right to require updates to the study of traffic conditions as deemed necessary as additional phases are brought forward for review and approval.
4. The applicant shall incorporate the comments made by the City Forester regarding the landscaping plan.

5. Approval of the Final Plan shall be subject to the applicant submitting to staff all outstanding requirements, including approvals from CRMD, DPW, and RIDEM. Should there be any substantial change in the plan due to requirements of state or city agencies, the Final Plan shall be brought back before the Commission.

Once the conditions are fulfilled the applicant is required to submit a complete Final Plan set on Mylar to the Planning Division for approval by the Chair and the Administrative Officer.

Sincerely,



Christopher J. Ise
Administrative Officer

cc: Jannice Ashley, for the Applicant, American Locomotive Works
Richard A. Licht, for the owners, Jacob Licht, Inc., Emeline Co. and Licht Family
Realty Associates
Douglas Still, Department of Public Parks



Rhode Island Housing
working together to bring you home

December 8, 2008

Mr. Thomas Deller
Planning and Development Director
City of Providence
400 Westminster Street
Providence, RI 02903

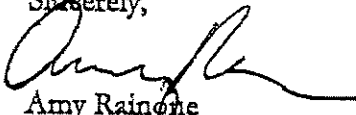
Dear Mr. Deller,

Recent events and press coverage might suggest that the affordability crisis in housing is over. However, here in Rhode Island we do not have enough homes to adequately house our residents. Many existing urban homes, especially multi-family ones, are being destroyed by the foreclosure and abandonment process. Before the housing crisis is cured, Rhode Island will likely lose several thousand homes. Through September of this year alone, Providence experienced over 1,000 actual foreclosures—63% of which are two-to-five family homes. It is estimated that for every single-family owner facing the loss of their home to foreclosure, approximately another 4-5 renter households are losing their residence to eviction due to foreclosure.

Since the State Strategic Housing Plan identified a gap of almost 13,000 affordable homes in 2005 only about 700 affordable homes have been completed. Rhode Island has consistently ranked in the bottom five nationally in new building permit activity. Furthermore, nationally Rhode Island still has the biggest gap between what people earn and homes cost. The average Rhode Island renter hourly wage in 2007 was \$11.61, when in reality the wage required to afford the average rent was \$19.79. In terms of income needed to afford a median priced home, as of September 2008, it was still \$74,000 a year while median Rhode Island annual household income is approximately \$33,568.

While the state has seen some recent declines in housing market activities, including costs in some areas, we are a long way off from having solved this problem for the majority of our Rhode Island households who need affordable homes. We support the continued production of homes average working families can afford.

Sincerely,


Amy Rainone
Director of Policy

December 8, 2008

Mr. Thomas E. Deller
Director
Department of Planning and Redevelopment
400 Westminster Street, 6th Floor
Providence, RI 02903

RE: ALCO TIF

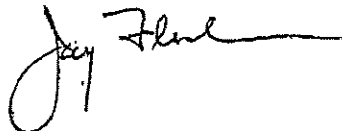
Dear Mr. Deller;

Providence is competing with cities all across this country for new, high-growth businesses and well-paying jobs. In this economy, the work is even more difficult.

ALCO remains one of the few technology based sites in our city with a 'footprint' expansive enough to allow sizeable renovation or new construction. Given the inherent costs of locating a business in the city, higher land costs and rental rates, higher taxes and brownfields issues. The resulting rent cost reduces our competitiveness when compared to the suburbs.

The proposed Job Creation/Economic Development Fund that is part of the ALCO TIF will permit us to competitively negotiate lower rents with technology companies relocating to the city and significantly raise our city's competitive edge. The impact would be long-term, and the bottom line would be more tax revenue, higher-paying jobs and a stronger quality of life for area families and neighborhoods.

Respectfully submitted,



Jay Fluck
Executive Vice President RI/Partner

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**THE CITY OF PROVIDENCE
AGREED-UPON PROCEDURES REPORT**

**INDEPENDENT ACCOUNTANTS REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the City of Providence
Department of Planning and Development
Providence, RI 020903

RE: American Locomotive Works TIF District
Providence, RI
TIF Bond Projections-Project No. 59.

We have performed the procedures enumerated below, which were agreed to by the City of Providence Department of Planning and Development, solely to assist you with respect to the report prepared by MuniCap, Inc. that projects the net revenue available from incremental tax proceeds generated from the development of the residential and commercial project known as American Locomotive Works and debt service payments to repay the bond procedures used to fund public improvements and bond issuance costs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and findings are as follows:

- We read the report prepared by MuniCap, Inc. and noted the following in preparation of the computation of the PILOT revenue to support the annual debt service of the projected bond:
 - Total sources and uses of bond funds as detailed in Exhibit A.
 - Bond assumptions as detailed on Exhibit B.
- We noted the following assumptions:
 - The property tax increment revenue.
 - Commercial tax treaty and phased in PILOT proceeds.
 - Bond amortization assumptions.
 - Residential tax rate of 8% for rentals.
 - Revised development summary, tax rates, and base parcel valuations.
 - Updated fiscal impact and projected revenues and tax incremental revenues by parcel.

36 Exchange Terrace Providence, RI 02903-1743 T 401.273.7600 F 401.421.6799
20 Park Plaza, Suite 400 Boston, MA 02116-4326 T 617.948.2111 F 617.948.2501

Member



A worldwide association of independent accounting firms

- We recalculated and traced assumptions to the projections and computations used to calculate the available debt service by parcel available to amortize the bond over the projected life assuming the terms projected in Exhibit B. No exceptions were noted.
- We recalculated the additional annual costs to the City of Providence as a result of the proposed development. We noted the following:
 - Based on interviews management conducted with Department of Finance Deputy Director and CFO of City Public Schools, the development will not have an impact on the following departments:
 - City Sergeant, Law Department, Municipal Court, Probate Court, contingencies, Housing Court, Finance Department (excluding street lighting), Commissioner of Public Safety, Department of Communications, building inspections, Department of Public Works (excluding environmental control - street sweeping, snow removal and sewer construction), parks, school department, recorder of deeds, vital statistics, board of licenses, emergency management, Planning and Development, City Council administration, Office of Internal Auditor, archives, Department of Human Services, Office of Arts, Culture and Tourism and P.E.R.A.
- We noted that the additional projected net revenue for all of the parcels to the City of Providence over thirty years from the proposed development after servicing debt and projected annual costs and verified the mathematical accuracy.
- We noted that the calculations in the report are based on projected assumptions of development timing, lease up assumptions, projected tax revenue rates, inflation rates and various other assumptions. These assumptions are management's best estimate of the projected results based on management's knowledge and third party information. Due to the nature of projections, actual results will be different than projections and the differences could be material.

Based upon the agreed upon procedures and findings outlined above, nothing came to our attention that indicates that the projections do not fairly represent the projected results based upon the assumptions used to prepare the report.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Providence and the Department of Planning and Development and is not intended to be and should not be used by anyone other than those specified parties.

Restivo Monacelli LLP

November 20, 2008

SOURCES AND USES OF FUNDS AND BOND ISSUANCE ASSUMPTIONS

Sources of funds:

Total bond proceeds	\$ 11,456,000
Interest earned in the improvement fund	117,410
Total sources of funds	<u>\$ 11,573,410</u>

Total uses of funds:

Public improvements	\$ 7,309,703
Issuance costs	1,095,477
Underwriter's discount	229,120
Capitalized interest	1,793,457
Reserve fund	1,145,600
Rounding	53
Total uses of funds	<u>\$ 11,573,410</u>

BOND ASSUMPTIONS

Maturity	24.42 years
Interest	2.42 years
Amortization	22 years
Bond coupon rate	7.00%
Reinvestment rates:	
Reserve fund	4.00%
Improvement fund	3.00%
Capitalized interest account	3.00%
Date bonds issued	1-Feb-09
Dates payments due:	
Interest	January 1 and July 1
Principal	July 1
Capitalized interest:	
Interest funded through	1-Jul-11
Months interest funded	29



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

99 Summer Street
Suite 1020
Boston, MA 02110-1240

617-330-6914
617-951-2361 fax
www.pfm.com

November 21, 2008

Thomas Deller,
Director of Planning and Development
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Dear Mr. Deller:

Public Financial Management, Inc. ("PFM"), as financial advisor to the City of Providence (the "City") has been asked by the City to review the study dated November 11, 2008, (the "Study") prepared by MuniCap, Inc. (the "Consultant") to Eccles & Rouse, Inc. (the "Developer") of the proposed American Locomotive Works (the "Project"), which projects the expected revenues generated from the proposed financing and measures the projected impact of the Project on the City's overall fiscal condition. The Study was undertaken by MuniCap, Inc., an economic consulting firm based in Baltimore who specializes in these types of economic impact studies as they relate to major real estate developments.

The Study examines a number of areas related to the Project development, including the projection of City revenues generated by residential taxes, commercial taxes, and personal property taxes attributable to the American Locomotive Works TIF District. The Study also projects additional revenues that would accrue to the City as a result of the development over time. In addition, the Study estimates other tax revenue, both one time and reoccurring, which will also be available to support City sponsored debt for the Project. Using the assumptions provided by the Consultant, we present the following findings:

PROJECT PLAN

The project plan presents an estimate of the project costs and the amounts and sources and uses of funds to be used to defray those costs and includes provisions for tax increment funding and/or financing of project costs in whole or in part. The project plan calls for the construction of a Riverwalk, Traffic Light, Permeable Reactive Barrier, Workforce Housing, Affordable Housing, and Job Creation (see the chart below for an itemized description of the project costs).

Project Costs	
Riverwalk	\$596,745
Traffic Light (River Ave)	\$61,567
Permeable Reactive Barrier Wall	\$451,391
Workforce Housing	\$1,125,000
Affordable Housing (MBS/OHC)	\$4,375,000
Job Creation/Econ. Development Fund	\$700,000
Total	\$7,309,703

The estimated amount of indebtedness to be incurred is \$11.275 million. The debt service projection assumes an interest rate of 7% with level debt service maturing from 2009 to 2033. Interest is capitalized in fiscal years 2009-2011, so the first principal payment will be made in fiscal year 2012. The Public Improvement Fund has been net funded such that the initial deposit of \$7,193,012, together with interest earnings at 3%, equal the total project cost, assuming funds are disbursed in equal installments to February 1, 2010. See the chart below for sources and uses of funds.

Sources	
Par	\$11,275,000
Estimated Use of Funds	
Public Improvements	7,193,012
Debt Service Reserve Fund	1,127,500
Capitalized Interest	1,722,676
Cost of Issuance	1,000,000
Underwriter's Discount	229,120
Rounding	2,692
Total	\$11,275,000

The debt service coverage for the TIF financing is shown below. In fiscal years 2012-2014, the Developer will need to cover the debt service shortfall until sufficient revenue is generated from the project (see "Coverage Ratio" in the chart below).

Period Ending	Principal	Interest ⁽¹⁾	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest	Net Debt Service	Estimated Revenue Stream ⁽²⁾	Approximate Minimum PILOT	Coverage Ratio
7/1/2009	—	328,854	328,854	—	328,854	—	—	—	N/A
7/1/2010	—	789,250	789,250	—	789,250	—	—	—	N/A
7/1/2011	—	789,250	789,250	—	789,250	—	—	—	N/A
7/1/2012	100,000	789,250	889,250	45,100	—	844,150	231,105	613,045	0.27
7/1/2013	100,000	782,250	882,250	45,100	—	837,150	622,058	215,092	0.74
7/1/2014	100,000	775,250	875,250	45,100	—	830,150	741,733	88,417	0.89
7/1/2015	100,000	768,250	868,250	45,100	—	823,150	876,133	—	1.06
7/1/2016	100,000	761,250	861,250	45,100	—	816,150	911,229	—	1.12
7/1/2017	100,000	754,250	854,250	45,100	—	809,150	946,326	—	1.17
7/1/2018	145,000	747,250	892,250	45,100	—	847,150	1,102,952	—	1.30
7/1/2019	190,000	737,100	927,100	45,100	—	882,000	1,141,303	—	1.29
7/1/2020	200,000	723,800	923,800	45,100	—	878,700	1,141,303	—	1.30
7/1/2021	325,000	709,800	1,034,800	45,100	—	989,700	1,277,657	—	1.29
7/1/2022	350,000	687,050	1,037,050	45,100	—	991,950	1,277,657	—	1.29
7/1/2023	370,000	662,550	1,032,550	45,100	—	987,450	1,277,657	—	1.29
7/1/2024	520,000	636,650	1,156,650	45,100	—	1,111,550	1,426,654	—	1.28
7/1/2025	555,000	600,250	1,155,250	45,100	—	1,110,150	1,426,654	—	1.29
7/1/2026	595,000	561,400	1,156,400	45,100	—	1,111,300	1,426,654	—	1.28
7/1/2027	765,000	519,750	1,284,750	45,100	—	1,239,650	1,589,468	—	1.26
7/1/2028	820,000	466,200	1,286,200	45,100	—	1,241,100	1,589,468	—	1.28
7/1/2029	875,000	408,800	1,283,800	45,100	—	1,238,700	1,589,468	—	1.28
7/1/2030	1,080,000	347,550	1,427,550	45,100	—	1,382,450	1,767,379	—	1.28
7/1/2031	1,180,000	271,950	1,431,950	45,100	—	1,386,850	1,767,379	—	1.27
7/1/2032	1,240,000	190,750	1,430,750	45,100	—	1,385,650	1,767,379	—	1.28
7/1/2033	1,485,000	103,950	1,588,950	1,172,600	—	416,350	1,961,787	—	4.71
\$11,275,000	\$14,912,654	\$26,187,654	\$2,119,700	\$1,907,354	\$22,160,600	\$27,859,403	\$916,554		

(1) Assumes an interest rate of 7.0%

(2) Revenue Stream taken from 11/19/2008 MuniCap Projection #39

It is expected that approximately \$51,074,192 million in revenue will be generated from the financing, of which \$38,305,644 is earmarked to cover debt service. The tax increment financing method is implemented by first designating a tax increment finance district corresponding to the parcels of land benefitting from the proposed improvements. Property values are determined for these parcels, and assessments are "frozen" at that level for normal taxing purposes (see table below).

Tax Parcel	Land Value	Building Value	Total Assessed Value
027-0005-0000	\$307,400	\$61,100	\$368,500
027-0016-0000	1,302,800	1,592,700	2,895,500

027-0262-0000	810,200	8,400	818,600
027-0276-0000	306,200	450,700	756,900
027-0278-0000	280,000	60,500	340,500
027-0279-0000	2,127,700	5,792,700	7,920,400
027-0280-0000	1,038,700	1,491,900	2,530,600
027-0281-0000	173,900	0	173,900
Total			\$15,804,900

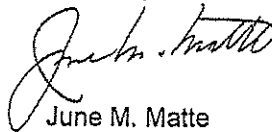
Type	Allocation Percentage	Base Value
For Sale Residential	5%	\$842,856
Rental Apartments	25%	\$3,932,473
Commercial	70%	\$11,029,571
Total		\$15,804,900

The actual values and assessments of those properties within the tax increment district increase due to the public improvements implemented in the designated areas. Increases in assessed value will result in an increment in tax revenue beyond the frozen base level, and this amount is then diverted to the Developer financing the improvements.

After having reviewed the Consultant's report, PFM believes that the conclusions presented are reasonable given the methodology employed and recognizing that there are limitations to this type of projected fiscal analysis. Overall, the Consultant has been reasonably conservative in the development of the assumptions utilized in the analysis.

Please feel free to contact me if you have any further questions.

Sincerely,



June M. Matte
Managing Director

American Locomotive Company (ALCO)
Tax Incremental Financing and Tax Stabilization Agreement Requests
Overview

Struever Brothers Eccles and Rouse (SBER) has requested the city to participate in the redevelopment of the former Uniroyal and Nicholson File properties in the Valley Neighborhood through a Tax Incremental Financing Plan (TIF). Additionally, SBER is requesting a series of Tax Stabilization Agreements (TSA) to insure tax predictability and to assist in the attraction of businesses to the project. The following is a summary of the requests.

Promenade Center Redevelopment Project and Tax Increment Financing Plan

By law, a TIF consists of two parts, a redevelopment plan and the TIF plan.

A. Overview of Redevelopment Plan

- Defines a Redevelopment Project Area- from Eagle Square to Rt. 95. Updates the 1980's Promenade Redevelopment plan.
- Provides the PRA with the tools and authority to eliminate conditions of blight by providing needed public improvements, encouraging rehabilitation and repair of deteriorated structures, facilitating land assembly and redevelopment, and providing financing for certain public improvements.
- Provides for revitalization of the area, increased employment opportunities for local citizens and tax base expansion.
- Encourages growth of existing businesses and attraction of new businesses.

B. Overview of Tax Increment Financing Plan

- Defines Tax Increment Area- Encompasses American Locomotive and Nicholson File projects
- Proposed Improvements to be Paid for by TIF

Riverwalk	\$597,000
Traffic Light (River Ave)	\$62,000
Permeable Reactive Barrier Wall	\$451,000
Workforce Housing	\$1,125,000
Affordable Housing (MBS/OHC)	\$4,375,000
Job Creation/Econ. Development Fund	\$700,000

TOTAL \$7,310,000

C. Summary of Development within the Tax Increment Area

- *Nicholson File*
 1. Office: 81,000 s.f.
 2. Retail: 142 s.f.
 3. Market-rate rental units: 78
 4. Workforce rental units: 20
- *American Locomotive*

1. Office: 238,044 s.f.
2. Commercial: 85,000 s.f.
3. Retail: 30,138 s.f
4. Market-rate rental units: 145
5. Workforce rental units: 25
6. Affordable rental units: 85
7. Workforce for-sale units: 5
8. Market-rate for-sale units: 20

D. TIF Guarantee – As part of the TIF, SBER will be responsible for payment of bond cost shortfall

E. Buy Providence/First Source, MBE-WBE, Buy Providence - Mandatory

F. Framework of TIF

- ❖ Trustee Manages TIF
 - Tax Collection
 - All taxes to be paid to Trustee
 - Trustee pays base tax plus 25% of the tax increment to the city prior to making any bond payments. After bond payments are made, any amount in excess of the bond payment are paid to City
 - Trustee makes bond payments
 - TIF Improvements
 - Trustee pays contractors for work approved by the Providence Redevelopment Agency
- ❖ Providence Redevelopment Agency manages expenditure of bond dollars
 - Approves work to be carried out
 - Approves reimbursement requests
 - Forwards approvals to Trustee to pay bills

Tax Stabilization Requests –

An Ordinance To Establish And Grant A Tax Stabilization Plan For Jacob Licht Inc. On Behalf Of Tax Assessor's Lots 5 And 16 Of Plat 27, Being Designated The Jacob Licht Alco Project

Residential

- 78 Market Rate Units
- 20 Workforce Units - limited to 100% of AMI and below
- Stabilization: taxes to be based on 8% of projected rental income

Commercial

- 81,000 sq/ft Commercial
- 142 sq/ft retail
- No commercial stabilization

Compliance with all applicable city requirements

- MBE/WBE
- First Source
- Buy Providence

Compliance with rental rates and other requirement to be monitored by Planning & Development

For Alco 85 Llc On Behalf Of Tax Assessor's Lot 279 Of Plat 27, Being Designated The Alco 85 Llc Project

Residential

- None

Commercial

- 245,180 sq/ft of Commercial
- 25,950 sq/ft of Retail
- Stabilization: 80,000 sq/ft of the total commercial to be stabilized. The stabilization will work as follows: space is held at unimproved value until Certificate of Occupancy is issued; value of improvements to be phased in at 10% per year, until at full value. United Natural Foods Incorporated is to rent 54,000 square feet of this space as of May 2009. The remaining space will require approval from Planning & Development, Tax Collector, Director of Finance and Building Inspector as acceptable tenants are identified.
- This stabilization will not be applicable to any enterprise already located in the City of Providence

Compliance with all applicable city requirements

- MBE/WBE
- First Source
- Buy Providence

Compliance with requirements to be monitored by Planning & Development

An Ordinance To Establish And Grant A Tax Stabilization Plan For Gnl Realty Eagle Llc, Ral Realty Limited Partnership, Barbara Rubin, And Betty Licht Krum, As Tenants In Common On Behalf Of Tax Assessor's Lots 276, 280, And 281 Of Plat 27, Being Designated The Alco Lot 261 Project Proposed Development

Residential

Lot 280

- 85 Affordable Rental Units - limited to 60% of AMI and below
- 25 Workforce Rental Units - limited to 100% of AMI and below
- 145 Market Rental Units
- Stabilization: Value to be held at unimproved value until Certificate of Occupancy is issued. Taxes to be based on 8% of projected rental income. Affordability restrictions and stabilization to stay in effect for 25 years from adoption of ordinance.
- Profit Sharing: 50% of the profit realized from the operation of the newly constructed 132 unit mixed income development shall be split between the City of Providence, the State of Rhode Island and RI Housing based on the percent of their investment into the development. The proceeds shall be paid to the

Providence Housing Trust for the development of additional affordable housing in the City.

Lot 281

- 5 Workforce Residential for sale units
- 20 Market Residential for sale units
- Stabilization: Value to be held at unimproved value until Certificate of Occupancy is issued. If units are rented prior to sale, taxes to be based on 8% of projected rental units. Once units are sold, taxes are based on full value.

Commercial

Lot 276

- 54,512 sq/ft Commercial
- Stabilization: Will require approval from Planning & Development, Tax Collector, Director of Finance and Building Inspector as acceptable tenants are identified. After approval process, value to be held at unimproved value until Certificate of Occupancy is issued. Value of improvements to be phased in at 10% per year, until at full value.
- This stabilization will not be applicable to any enterprise already located in the City of Providence

Compliance with all applicable city requirements

- MBE/WBE
- First Source
- Buy Providence

Compliance with rental rates and other requirement to be monitored by Planning & Development