

RESOLUTION OF THE CITY COUNCIL

No. 166

Approved March 26, 1999

WHEREAS, It has been brought to the attention of the City Council that the existing Public Safety Building located at LaSalle Square is in need of major renovations and repairs; and

WHEREAS, The City Council on June 19, 1997 passed a resolution in support of the development of a new Public Safety Facility; and

WHEREAS, The Providence Redevelopment Agency was directed by the City Council to solicit proposals for the development of a Public Safety Facility, which included proposals for an adaptive commercial use for the LaSalle Square Site (defined below); and

WHEREAS, The City Council has authorized the Providence Redevelopment Agency to take certain preliminary steps towards the transfer of the LaSalle Square Site to the Providence Redevelopment Agency, condemnation proceedings for site of the proposed new Public Safety Facility, and a lease between the City and the Providence Redevelopment Agency for the proposed new Public Safety facility; and

WHEREAS, The Providence Redevelopment Agency has submitted a Petition to the City Council requesting that the City Council transfer to the Providence Redevelopment Agency the property on which the Police and Fire Station is currently located, Plat 25, Lots 116 and 436 (16 Empire Street) (the "LaSalle Square Site"), such transfer being necessary for the relocation of the existing Public Safety Building and the development of the LaSalle Square Site; and

WHEREAS, as required by Sections 45-32-5(1)(k) and 45-32-48 of the General Laws of Rhode Island, the Providence Redevelopment Agency has submitted a Report to the City Council dated February 16, 1999 (the "Report") concerning the proposed Lease between the City and the Providence Redevelopment Agency for the proposed new Public Safety Facility; and

WHEREAS, as described in the Report, the Providence Redevelopment Agency will retain title to the new Public Safety Facility and the interim facility until payment in full of the Lease Certificates of Participation; and

WHEREAS, in connection with the issuance of the Lease Certificates of Participation, under applicable securities laws and regulations, the City will be required to provide continuing disclosure regarding the City;

NOW, THEREFORE, BE IT RESOLVED, THAT:

1. The City Council hereby approves the transfer of all right, title and interest of the City to the LaSalle Square Site to the Providence Redevelopment Agency.

2. The City Council hereby authorizes the Mayor to enter into the Lease as described in the Report of the Providence Redevelopment Agency, and the Mayor is authorized to take any and all action and to execute, file, and deliver the Lease and any and all agreements, notes, and other documents in such form as he may deem necessary or desirable to implement the Providence Redevelopment Agency's financing of the Public Safety Facility Project as described in the Report.

IN CITY COUNCIL

Aug 6, 1998

FIRST READING
REFERRED TO COMMITTEE ON
CITY PROPERTY

Michael R. Clemen CLERK

THE COMMITTEE ON

City Property

Recommends

Continued

Burt A. Davis

Clerk

8/27/98

2/14/99

THE COMMITTEE ON
CITY PROPERTY

has approved passage of
The following resolution

As Amended

Michael R. Clemen

3/2/99

From the Clerk's Desk

3. The City Council, pursuant to Section 45-32-5(3) of the General Laws of Rhode Island, authorizes the Providence Redevelopment Agency to retain title to the Public Safety Building and the interim facility for thirty (30) years or until the Lease Certificates of Participation are retired.

4. The City's Director of Finance is authorized to execute and deliver a continuing disclosure certificate in connection with the Lease Certificates of Participation issued on behalf of the Providence Redevelopment Agency, in such form as shall be deemed advisable by the City's Director of Finance. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the continuing disclosure certificate, as it may be amended from time to time. Notwithstanding any other provision of this Resolution or the Lease Certificates of Participation, failure of the City to comply with the continuing disclosure certificate shall not be considered an event of default; however, any certificate holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Resolution and under the continuing disclosure certificate.

5. This Resolution shall take effect on passage.

F:\WPDOCS\PubFIN\BONDS\10210.1

IN CITY COUNCIL
MAR 18 1999
READ AND PASSED

[Signature]
PRES.

[Signature]
CLERK

APPROVED

MAR 26 1999

[Signature]
MAYOR

REPORT TO THE CITY COUNCIL
OF THE CITY OF PROVIDENCE, RHODE ISLAND

The Providence Redevelopment Agency, pursuant to Sections 45-32-5(k) and 45-32-48 of the General Laws of Rhode Island, submits to the City Council of the City of Providence, Rhode Island, this report pertaining to the proposed lease of real property by the Agency.

The Agency proposes to lease certain parcels of land for the purpose of developing a new Public Safety Facility (hereinafter called the "Public Safety Facility Project") to house police, fire and court functions of the City. The Agency proposes to lease the Public Safety Facility Project to the City of Providence at a rental equal to the amount of debt service payable under certain Lease Certificates of Participation issued on behalf of the Agency. The proceeds of the Lease Certificates of Participation will be used by the Agency to finance the construction of the Public Safety Facility Project and the cost of an interim facility. The proposed lease will provide that upon termination of the lease, or at any time prior thereto, the City may exercise an exclusive option to purchase the Public Safety Project from the Agency at a price equal to the amount required to retire the Lease Certificates of Participation. The Lease would be substantially in the form attached hereto as Exhibit A.

Respectfully submitted,



John Palmieri
Executive Director

DRAFT

LEASE AGREEMENT

By and Between

PROVIDENCE REDEVELOPMENT AGENCY

and

THE CITY OF PROVIDENCE

Dated as of March 1, 1999

Relating to
Providence Redevelopment Agency

\$50,000,000 Participation Certificates of Participation
(Public Safety Building - 1999 Series A)

LEASE AGREEMENT

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LEASE AGREEMENT

This Lease Agreement, made and entered into as of this first day of March, 1999, by and between PROVIDENCE REDEVELOPMENT AGENCY, a public corporation created pursuant to Chapters 31 through 33, inclusive of Title 45 of the General Laws of the State of Rhode Island, its successors and assigns (the "Lessor"), and the CITY OF PROVIDENCE, RHODE ISLAND, its successors and assigns (the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor has acquired that certain parcel of land located within the City of Providence, Rhode Island (the "Premises") (which is more particularly described in Exhibit A hereto);

WHEREAS, the Agency is authorized by Chapters 45-31 through 45-33, inclusive, of the General Laws of Rhode Island (the "Act") to acquire real property in any area designated a redevelopment area in connection with its undertaking or carrying out a redevelopment project or formulating a redevelopment plan;

WHEREAS, the City has agreed to lease the Project from the Agency pursuant to the terms and conditions set forth in this Agreement;

WHEREAS, the Agency will, pursuant to the Act, provide for the payment of the cost of the acquisition and maintenance of the Project by the issuance by the Trustee (herein defined) of certificates of participation payable from rentals to be received from the City pursuant to this Agreement;

WHEREAS, the City and the Agency agree that their mutual public purposes and their best interests will be promoted by the execution and delivery of this Agreement pursuant to the powers conferred by the Act; and

WHEREAS, the Lessor wishes to lease to the Lessee and the Lessee wishes to lease from the Lessor, the Premises, subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the Lease Payments to be paid hereunder and the covenants and agreements contained herein, it is agreed by and between the parties as follows:

Section 1. Certain Defined Terms. In addition to the terms defined elsewhere in this Lease and the Declaration of Trust (as hereinafter defined), the following terms have the meanings given below unless the context clearly requires otherwise:

"Additional Rent" means the payments required to be made pursuant to Section 5(c)

"Amendment" means an amendment hereto entered into pursuant to Section 28 hereof.

"Authorized Officer", when used with respect to the Lessee, means the Mayor of the City of Providence or any other official of the Lessee who is designated in writing by the Lessee as an Authorized Officer for purposes of this Lease. The term "Authorized Officer", when used with respect to the Lessor means the Chairman, Vice Chairman or Executive Director of the Lessor or any other officer of the Lessor who is designated in writing by the Lessor as an Authorized Officer for purposes of this Lease.

"Base Rent" means the Lease Payments required to be made pursuant to Section 5(b) hereof.

"Certificates" means the certificates of participation registered as to principal and interest and payable to the registered owner, and prepared and delivered by the Trustee pursuant to the Trust Agreement.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time

"Event of Default" means the occurrence of any of the events set forth in Section 18 hereof.

"Fiscal Year" means each one-year period beginning on July 1 of one year and ending June 30 of the next year or such other period of time hereafter adopted by the Lessee for which funds are lawfully appropriated.

"Insurer" means [], a corporation organized and existing under the laws of New York, its successors and assigns.

"Lease" means this Lease Agreement as the same may be amended or supplemented from time to time in accordance with its terms.

"Lease Payments" means the sum of the Base Rent and Additional Rent due during a Lease Term for the Project.

"Lease Payment Account" means the Lease Payment Account established pursuant to Section [5.01] of the Trust Agreement.

"Lease Payment Dates" means the dates for payment of Lease Payments set forth in Section 5 hereof.

"Lease Term" means, individually and not collectively, the initial term of the Lease during which the terms and conditions of this Lease are in force pursuant to Section 4 hereof.

"Lessee" means the City of Providence, Rhode Island, its successors and assigns.

"Lessor" means the Providence Redevelopment Agency, a public corporation created pursuant to Chapters 31 through 33, inclusive of Title 45 of the General Laws of the State of Rhode Island, its successors and assigns.

"Project" means the acquisition, construction and equipping of a Public Safety Facility including site acquisition and development, the demolition of structures thereon, the acquisition, construction and equipping of an interim public safety facility [the costs associated with the removal of underground storage tanks at the site of the current public safety facility located at LsSalle Square] and the financing of all costs associated with the acquisition, construction and equipping of the public safety facility including capitalized interest during construction.

"Project Costs" means all costs of payment of, or reimbursement for, acquisition, reconstruction, adding to, installation, equipping and financing of the Project, including but not limited to, architectural, engineering and installation management costs, administrative costs and capital expenditures relating to installation and financing payments (including Lease Payments under the Lease), leasehold and leasehold improvement acquisition costs, sales tax, if any, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs, printing costs, reproduction and binding costs, fees and charges of the Trustee for services rendered as trustee and paying agent under the Trust Agreement, financing documents, legal fees and charges, financial and other professional consultant fees, costs of rating agencies or credit ratings, fees for the execution, transportation and safekeeping of Certificates, and any and all charges and fees in connection with the foregoing.

"Rebate Account" means the Rebate Account established pursuant to Section 5.01 of the Trust Agreement.

"Rent Prepayment Price" means, as of any date of calculation, the amount set forth in Exhibit B attached hereto which the Lessee may pay as of such date to the Lessor in order to prepay the Lease Payments.

"Rent Prepayment Price Date" means the dates set forth in Exhibit B attached hereto on which Lessee may prepay Lease Payments by payment of the Rent Prepayment Price to the Lessor.

"State" means the State of Rhode Island and Providence Plantations.

"Tax Certificate" means the tax certificate of the Lessee dated and delivered as of the date of execution and delivery of the Certificates, with respect to compliance with certain provisions of the Internal Revenue Code of 1986, as amended, with respect to the exemption from federal tax of the interest portions of the Certificates.

"Trust Agreement" means that certain Trust Indenture by and between Lessor and the Trustee dated as of March 1, 1999, as the same may be amended or supplemented from time to time in accordance with its terms, relating to.

"Trustee" means State Street Bank and Trust Company, a Massachusetts trust company duly organized and validly existing under the laws of The Commonwealth of Massachusetts, its successors and assigns.

Section 2. Lease of Project Site. The Lessor hereby agrees to demise, lease and let to the Lessee and the Lessee agrees to rent, lease and hire from the Lessor the premises described in Exhibit A, and all buildings, structures and improvements now existing or hereafter erected or situated thereon, in accordance with the provisions of this Lease to have and to hold for the Lease Term.

Section 3. Responsibility for the Acquisition, Construction, Installation, and Equipping of the Project. The Lessee shall provide the Trustee with such certifications and documentation as required by Section [] of the Trust Agreement to permit disbursement of funds for payment of Project Costs.

Section 4. 1. Term. This Lease is effective as of the date first written above and will terminate on [].

The obligation to pay rentals as provided in Section 5 will not be subject to completion and/or occupancy of the Project. The obligation of the City to pay rentals shall not be subject to abatement for lack of use and/or lack of occupancy of the Project.

Section 5. Rent.

(a) The Lessee agrees to pay to the Lessor during the Lease Term the Lease Payments equal to the amounts provided for hereinafter in this Section 5. Except as specifically provided in Section 6 hereof, the obligation to make Lease Payments will be absolute and unconditional in all events and will not be subject to any set-off, defense, counterclaim or recoupment for any reason whatsoever.

(b) Ten (10) days prior to each Lease Payment Date, the Lessee agrees to pay as Base Rent to the Lessor the payments specified in Exhibit B attached hereto, as the same may be amended from time to time. Each payment shall be applied first to payment of the interest portion of the Lease Payment. Interest or income on any moneys in the Lease Payment Account shall be applied as a credit against the balance of the Base Rent. Fifteen (15) days prior to each Lease Payment Date, the Lessor shall advise the Lessee of the amount available to be applied as a credit against the balance of such Base Rent with respect to the Lease Payment. The Lessee's obligation to pay all or any portion of the Base Rent is subject to the availability of lawful appropriations therefor.

(c) The Lessee agrees to pay the following amounts as Additional Rent to the Lessor:

(i) Any and all charges, taxes or payments in lieu thereof (local, state and federal) imposed on the ownership, leasing, rental, sale, purchase, possession or use of the Project, shall be paid by the Lessee, or paid by the Lessee to the Lessor as Additional Rent. The Additional Rent shall be an amount equal to the aforementioned charges, taxes or payments in lieu thereof imposed in connection with the Project. In the event of any property tax assessment by a municipal corporation on the Project or any portion thereof, the Lessor and the Lessee agree to cooperate with one another in any contest of such assessment.

(ii) The Rebate Amount, as defined in the Tax Certificate, in a timely manner to the Trustee for deposit in the subaccount of the Rebate Account established with respect to the Certificates. The Lessee further agrees to comply with the provisions of the Code and the Tax Certificate with respect to the rebate requirements set forth therein.

(iii) The payments required pursuant to subsection (e) hereof.

(iv) The Lessee's obligation to pay all or any portion of the Additional Rent is subject to the availability of lawful appropriations therefor. If funds are not available for payment of all or any part of the Additional Rent during the first Fiscal Year in which such Additional Rent becomes due and payable, the Lessor shall have the right, but shall not be obligated, to pay such Additional Rent. If the Lessor pays any portion of the Additional Rent which the Lessee is responsible or liable for under this Lease, the Lessee shall, to the extent funds are lawfully appropriated, pay the Lessor on the first Lease Payment Date in the next succeeding Fiscal Year an amount equal to the sum of the Additional Rent paid and the costs incurred by the Lessor in making such payment. It is agreed that the Lessor's costs shall include the amount the Lessor would have earned on such funds during the period between the payment of the Additional Rent and the repayment thereof as determined by a rate equal to the prime rate (or equivalent thereof) of the Trustee. The Lessor shall notify the Lessee in writing of the costs incurred in paying the Additional Rent. If the Lessor pays such Additional Rent and is reimbursed for such payment as provided for herein, the Lease shall not be deemed terminated pursuant to Sections 6 or 19 hereof. For all Fiscal Years subsequent to that in which it is determined the Lessee is liable for such Additional Rent, the Lessee shall submit a budget for, and will seek appropriation of funds for payment of the taxes, charges and payments in lieu thereof in accordance with Section

5(d) hereof. The Lessor shall cooperate with and assist the Lessee in preparing such budget.

(d) It is the Lessee's intent to make Lease Payments for all Lease Terms if funds are legally available therefor and the Lessee represents that the uses of the Project are essential to its proper, efficient and economic operation.

(e) The City, acting through the Mayor, upon receipt of a notice from the Trustee in the form of Exhibit A to the Trust Agreement, covenants to take such action as may be necessary to include the applicable payments due pursuant to subsection 5.04(d) of the Trust Agreement in its budget for the appropriate Fiscal Year and further shall use its best efforts to cause the City Council to make the necessary appropriations for all such payments required herein; provided, however, that the City Council shall be under no legal obligation to appropriate such amounts. The City shall furnish to the Trustee copies of the budget including such amounts as necessary to make the payments pursuant to subsection 5.04(d) of the Trust Agreement within sixty (60) days after final adoption thereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every public official of the City to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Trust Agreement agreed to be carried out and performed by the City.

The City will not terminate this Agreement (other than such termination as is provided for hereunder) for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title, or frustration of purpose, or any damage to or destruction of the Project, or the taking by eminent domain of title to or the right of temporary use of all or any part of the Project, or the failure of the Agency to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement.

The City hereby covenants that it will do all things lawfully within its power to obtain, maintain and properly request and pursue appropriations sufficient to permit the Lease Payments to be made, including making provisions for such Lease Payments and funds necessary to maintain and sufficient to ensure that the City has sufficient funds within its yearly budget to maintain the Project, in budgets submitted for the purpose of obtaining appropriations, using its bona fide best efforts to have such portion of the budget approved and exhausting all available administrative reviews and appeals if any in the event such portion of the budget is not approved.

The City hereby covenants that it shall include in its proposed budget, with a copy to Bond Insurer, if any, for each fiscal year a single appropriation for the Project in an amount sufficient to make payments of rentals and of all other amounts required to be paid hereunder.

Section 6. Appropriation of Funds. The obligations of the City to pay Lease Payments and to pay all other amounts provided for in this Agreement and to perform its obligations under this Agreement shall be absolute and unconditional, and such Lease Payments and other amounts shall be payable without any rights of setoff, recoupment or counterclaim the City might have against the Agency, the Trustee or any other person and whether or not the Project is maintained, used or occupied by the City or available for use or occupancy by the City.

Notwithstanding anything in this Agreement to the contrary, the cost and expense of the performance by the City of its obligations under this Agreement and the incurrence of any liabilities of the city under this Agreement, including, without limitation, the payment of all Lease Payments and amounts payable under this Agreement and the payment of all other amounts required to be paid by the City under this Agreement, shall be subject to and dependent upon appropriations being made from time to time by the City Council of the City with respect to the City for such purpose.

Section 7. Limitation on Warranties. The Lessee acknowledges and agrees that the acquisition, and any installation of the Project are of a design selected by the Lessee, that the Lessor and the Trustee are neither manufacturers nor builders of the Project and that the LESSOR AND THE TRUSTEE HAVE NOT MADE AND DO NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR USE OR SUITABILITY OF THE PROJECT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF THE LESSEE OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND THE LESSOR AND THE TRUSTEE SHALL NOT BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OF OR TO THE LESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE PROJECT AND THE MAINTENANCE THEREOF,

Section 8. Authority and Authorization. The Lessee represents, covenants and warrants and will deliver an opinion of the City Solicitor addressed to the Lessor to the effect that: (i) the execution, delivery and performance by the Lessee of this Lease have been duly authorized by all necessary action on the part of the Lessee and (ii) this Lease constitutes a legal, valid and binding obligation of the Lessee enforceable in accordance with its terms. The Lessee agrees and warrants that: (i) it will do or cause to be done all things necessary to preserve and keep the Lease in full force and effect, and (ii) it has complied with all bidding requirements, if any, applicable to this Lease and the issuance of the Certificates in connection therewith.

Section 9. Title; Title Insurance. The Agency will continue to possess title to the Project. The Lessor and the Lessee agree that this Lease may be recorded in the City of Providence Land Evidence Records to evidence the parties' interests in the Project and the Lease. When available,

(ii) *Option B - Prepayment of Lease Payments.* The City will cause the Insurance Proceeds of any insurance claim or condemnation award to be applied to the prepayment of all unpaid Principal Components of the Lease Payments applicable to the Project, in accordance with Section 4.01(b) of the Trust Agreement.

During such time as the Project is unusable, in whole or in part, Lease Payments with respect thereto shall continue without interruption.

(b) If the Project is affected by a title defect, all proceeds received with respect to such defect under the title insurance policy shall be paid to the Trustee for deposit in the Lease Payment Account and application and disbursement as set forth below:

(i) If the City determines that such title defect has not materially affected the operation of the Project or the ability of the City to meet any of its obligations hereunder (as set forth in a certificate executed by an Authorized City Representative and filed with the Trustee), and if such proceeds are in an amount less than an amount which would be sufficient to prepay all unpaid Principal Components of the Lease Payments applicable to the Project on the next succeeding Interest Component Payment Date, such proceeds shall be applied as a credit against Lease Payments when and as due hereunder.

(ii) If the City determines that such title defect has materially affected the operation of the Project or the ability of the City to meet any of its obligations hereunder (as set forth in a certificate executed by an Authorized City Representative and filed with the Trustee), or if such proceeds are sufficient to enable the Agency to prepay all unpaid Principal Components of the Lease Payments applicable to the Project on the next succeeding Interest Component Payment Date, such proceeds shall be applied to the prepayment of unpaid Principal Components of the Lease Payments applicable to the Project.

Section 15. Insurance: The Lessee must maintain or require any subsequent lessee to maintain property insurance and comprehensive general liability coverage for any loss or damage incurred in connection with the Project. Such insurance shall be in an amount not less than eighty percent (80%) of the replacement value of the Project and in all events not less than the principal amount of the Certificates then outstanding. During the construction period, the Lessee shall provide or cause to be provided builder's risk insurance in at least the amounts provided for above. The proceeds of any insurance recovered on portions of the Project lost, stolen, destroyed, or damaged shall be applied to the repair or replacement of the Project, or to the Prepayment of Rent in the event of the total loss of the Project or the City's election not to repair the Project. All policies evidencing insurance required by this Section shall be carried in the names of the City, the Agency and the Trustee as their respective interests may appear and shall contain standard clauses which provide for the net proceeds of insurance resulting from claims per casualty thereunder to be made payable directly to the Trustee to be applied pursuant to the

provisions of this Agreement. All policies required under this Section shall provide for at least 30 days' notice of cancellation to the City, the Agency and the Trustee.

Section 16. Rent Prepayment Option. On and after [], upon sixty (60) days prior written notice from the Lessee to the Lessor and the Trustee, and provided that there is not then existing an Event of Default, or a default which with notice or lapse of time, or both, could become an Event of Default, the Lessee will have the right to prepay Lease Payments, in whole or in part at any time as set forth in Exhibit B attached hereto by paying to the Lessor, on such date, the Lease Payments then due for the Project, together with the Rent Prepayment Price being paid on such date along with instructions to the Lessor as to how such Rent Prepayment Price shall be applied by the Lessor in its capacity as Trustee for the holders of Certificates. Upon satisfaction by the Lessee of payment of the entire Rent Prepayment Price, the Lessor will transfer any and all of its right, title and interest in the site of the Project and the Project, as is, to the Lessee, without warranty, express or implied, except that the Lessor will warrant to the Lessee that the Project is free and clear of any liens created by the Lessor.

Section 17. Assignment and Pledge. Without the Lessor's and Insurer's prior written consent the Lessee will not: (i) assign, transfer, pledge, hypothecate or grant any security interest or mortgage in or otherwise dispose of this Lease or the Project or any interest in this Lease or the Project or (ii) sublet the Project or permit it to be operated by anyone other than the Lessee, the Lessee's employees or persons authorized by Lessee in connection with the Lessee's operation of the Project. The Lessee shall not be relieved of any liability hereunder in the event of an assignment or sublet. The Lessor shall declare that its right, title and interest in and to this Lease be held in trust pursuant to the Trust Agreement, and may not otherwise transfer or pledge its right, title, and interest in and to this Lease. The Lessee agrees and consents to such Trust Agreement and the terms and provisions thereof, and to execution of the Trust Agreement by the Lessor. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the successors and assigns of the parties hereto.

Section 18. Events of Default. The term "Event of Default", as used herein, means occurrence of any one or more of the following events:

- (a) The Lessee fails to make any Lease Payment as it becomes due in accordance with the terms of this Lease; or
- (b) The Lessee fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure is not cured within fifteen (15) days after written notice thereof by the Lessor.

Section 19. Remedies. Upon the occurrence of an Event of Default, and as long as such Event of Default is continuing, the Lessor may, at its option having no obligation to do so under the Lease or the Trust Agreement, exercise any one or more of the following remedies:

(a) By written notice to the Lessee, request the Lessee to (and the Lessee agrees that it will), completely relinquish the site of the Project and all buildings, structures and improvements erected or situated thereon whereupon the Lessor will enter the Lessee's premises and take possession of the site of the Project and all buildings, structures and improvements erected or situated thereon for the period remaining under the Lease;

(b) By written notice to the Lessee, declare an amount equal to all amounts then due under this Lease and all remaining Lease Payments due during the Lease Term to be immediately due and payable whereupon the same shall become immediately due and payable;

(c) Lease the site of the Project and all improvements or additions thereto for the account of the Lessee who shall remain liable for all Lease Payments due during the Lease Term and other payments due to the effective date of such leasing and for the difference between the rental and other amounts paid by the Lessee pursuant to such lease and the amounts payable by the Lessee hereunder; and

(d) Exercise any other right, remedy or privilege which may be available to it under applicable laws of the State or any other applicable law or proceed by appropriate court action to enforce the terms of this Lease or to recover damages for the breach of this Lease or to rescind this Lease as to the Project.

In addition, the Lessee will remain liable for all covenants and obligations under this Lease and for all legal fees and other costs and expenses, including court costs when and if deemed appropriate and awarded by a court of competent jurisdiction incurred by the Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to the Lessor hereunder, when it is finally adjudicated by a court of competent jurisdiction that the Lessee is in default of this Lease.

Any personal property remaining on the site ten (10) days after relinquishment of the site as provided in (a) above shall be deemed to be abandoned by the Lessee and may be used by the Lessor in whatever manner it deems advisable.

The Lessee's obligations to make payments under this Section 19 are subject to funds being lawfully appropriated to meet such obligations.

Section 20. Defeasance. The Lease Payments with respect to the Project shall be deemed to be paid (a) when there is irrevocably deposited with or made available to the Trustee in trust and irrevocably set aside exclusively for payment of the Rent Prepayment Price on the next Rent Prepayment Price Date for the Project money sufficient to pay the Rent Prepayment Price or Permitted Investments of the type contained in subsection (i) of the definition of Permitted Investments which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to pay the Rent Prepayment Price on the next Rent Prepayment Price Date; and (b) when all necessary and proper fees,

compensation and expenses of the Trustee pertaining to the Lease, the Project and its duties in connection therewith shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. When such Lease Payments are deemed paid, as aforesaid, and the Trustee has received the unqualified written legal opinion of nationally recognized bond attorneys to the effect that the deposit of such money or Permitted Investments in trust will not cause the portion of those Lease Payments designated as interest as to be subject to federal income taxes under the Code, the Lessor shall be entitled to payment solely from such money or Permitted Investments and the right, title and interest of the Lessor and Lessee under this Lease shall cease, terminate and become void.

Section 21. Appointment of Trustee. Upon receiving notice of the resignation of the Trustee or a successor Trustee, the Lessee will exercise its rights under Section 6.08 of the Trust Agreement appoint in writing a successor Trustee within thirty (30) days after receipt of such notice.

Section 22. Actions of Lessee. The Lessee represents and covenants that it will not use the Project or permit the Project to be used, in such a manner as would result in the loss of the tax exemption of the portion of the Lease Payments designated as interest otherwise afforded under Section 103(a) of the Code. The Lessee represents and covenants that it will not take any action or fail to take any action which would result in a Certificate or the Lease constituting an "arbitrage bond" within the meaning of such term as used in Section 148 of the Code and will comply in all respects with the provisions of the Tax Compliance Certificate.

Section 23. Indemnification. The Lessee releases the Lessor and the Trustee and each of them from, and agrees that the Lessor and the Trustee or either of them shall not be liable for and, to the extent permitted by law, indemnifies the Lessor and the Trustee against all liabilities, claims, costs and expenses imposed upon or asserted against the Lessor and Trustee or either of them on account of any actions taken or omitted by the Lessee with respect to: (a) any loss or damage to property or injury to or death of or loss by any person that may be occasioned by the construction, maintenance, operation and use of the Project; (b) any breach or default on the part of the Lessee in the performance of any covenant or agreement of the Lessee under this Lease or any related document, or arising from any act or failure to act by the Lessee, or any of its agents, contractors, servants, employees or licensees; (c) the authorization, issuance and sale of the Certificates, and the provisions of any information furnished in connection therewith concerning the Project or the Lessee (including, without limitation, any information furnished by the Lessee for inclusion in any certifications made by the Lessor or for inclusion in, or as a basis for preparation of, the information statements filed by the Lessee); and (d) any claim, action or proceeding with respect to the matters set forth in (a), (b) and (c) above brought thereon.

The Lessee, to the extent permitted by law, agrees to indemnify the Trustee for and to hold it harmless against any and all liabilities, claims, costs and expenses incurred without gross negligence or willful misconduct on the Trustee's part, on account of any action taken or omitted to be taken on the Trustee's part in accordance with the terms of this Lease, the Certificates, the

Trust Agreement or any related document or any action taken at the request of or with the consent of the Lessee, including the costs and expenses of the Trustee in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under this Lease, the Certificates, the Trust Agreement or any related document.

In the case of any action or proceedings brought against the Lessor or the Trustee in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give notice of that action or proceeding to the Lessee, and the Lessee upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding, provided that failure of a party to give that notice shall not relieve the Lessee from any of the Lessee's obligations under this Section unless that failure prejudices the defense of the action or proceeding by the Lessee. At its own expense, an indemnified party may employ separate counsel and participate in the defense. The Lessee shall not be liable for any settlement made without the Lessee's consent.

The indemnification set forth above is intended to and shall include the indemnification of all affected officials, directors, officers and employees of the Lessor and the Trustee and such indemnification is intended to and shall be enforceable by the Lessor and the Trustee to the full extent permitted by law.

Section 24. Notices. All notices to be given under this Lease shall be made in writing and mailed by certified mail, return receipt requested, to the other party at its address set forth below or at such address as the party may provide in writing from time to time.

If the Lessor:

State Street Bank and Trust Company
Corporate Trust Department
Two International Place
Boston, Massachusetts 02110

If to the Lessee:

City of Providence
City Hall
10 Dorrance Street
Providence, Rhode Island 02903
Attn: []

Section 30. Failure of the Lessor to Perform. Failure to perform or any other breach by the Lessor under this Lease shall in no way modify Lessee's obligations to pay the Lease Payments as set forth in Section 5 hereof.

Section 31. Right of Insurer to Direct Proceedings. Notwithstanding anything in this Lease to the contrary, for so long as the Insurer's guarantee policy issued in connection with the Certificates shall be in full force and effect and the Insurer shall not have defaulted on its obligations under such policy, the written consent of the Insurer shall be necessary to exercise or waive any remedies under this Lease, including acceleration, and the Insurer shall have the right to direct all remedies upon an Event of Default,

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IN WITNESS WHEREOF, the parties hereto have caused this Lease to be execute sealed by their respective duly authorized officers as of the date written above.

PROVIDENCE REDEVELOPMENT AGENCY

By: _____
Title

Attest: _____
Title:

CITY OF PROVIDENCE, RHODE ISLAND

By: _____
Mayor

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

I, the undersigned, a Notary Public in and for the State and County, do hereby certify that before me personally appeared _____, whose name as _____ of the Providence Redevelopment Agency is signed to the foregoing Lease Agreement and who is known to me and known by me to be such officer, and acknowledged before me on this day under oath, that, being informed of the contents of said Lease Agreement he, in his capacity as such officer and with full authority, executed the same as his free act and deed and as the free act and deed of the Providence Redevelopment Agency.

Given under my hand and seal of office this ____ day of March, 1999.

Notary Public

My Commission Expires:

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

I, the undersigned, a Notary Public in and for the State and County, do hereby certify that before me personally appeared _____, whose name as Mayor of the City of Providence, Rhode Island is signed to the foregoing Lease Agreement and who is known to me and known by me to be such officer, and acknowledged before me on this day under oath,

that, being informed of the contents of said Lease Agreement he, in his capacity as such officer and with full authority, executed the same as his free act and deed and as the free act and deed of the City of Providence, Rhode Island.

Given under my hand and seal of office this _____ day of March, 1999.

Notary Public

My Commission Expires:

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EXHIBIT A

Description of Site of Project

F:\WPDOCS\PUBFIN\BONDS\10208.1