

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 2008-51

No. 487 **AN ORDINANCE TO ESTABLISH AND GRANT A TAX STABILIZATION PLAN FOR ALCO 85 LLC ON BEHALF OF TAX ASSESSOR'S LOT 279 OF PLAT 27, BEING DESIGNATED THE ALCO 85 LLC 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, renovate, convert, expand, retain or remodel existing buildings; and

WHEREAS, ALCO 85 LLC (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 renovation located within 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 279 (the "Project Site"); and

WHEREAS, the Project Owner has evidenced a willingness to improve the Project Site and to renovate the existing improvements on the Project Site, as hereinafter defined, to create

Commercial property (the “ALCO 85 LLC 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 new residential and Commercial uses as envisioned for the ALCO 85 LLC Project; and

WHEREAS, the ALCO 85 LLC Project shall involve the substantial rehabilitation of existing buildings, as certified by the building inspector of the City of Providence, for Commercial and residential space, with related parking uses; and

WHEREAS, the proposed renovation and other improvements of the ALCO 85 LLC 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 85 LLC 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:

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 granting 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 resulting in an increase in commercial building investment by the Project Owner in the City of Providence.

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

- (a) “Commercial” means commercial, light manufacturing, office, and retail.
- (b) “Default Year”, with respect to any 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.

(c) "Designated Portion" means any portion of the Project Site identified in a Designation and includes any subdivision of a 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; provided that no more than 80,000 square feet of floor space may be within all Designated Portions in the aggregate at any time. A Designated Portion does not include any Personal Property.

(d) "Designation" means a written designation by the city assessor that a portion of the Project site have the benefit of this Ordinance, upon such conditions and with such limitations as may be specified therein.

(e) "Designation Date" of a Designated Portion means the date the Designation of such Designated Portion is delivered by the city assessor.

(f) "Personal Property" means any and all tangible personal property, including, but not limited to, all fixtures, equipment, furnishings and other personal property.

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

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

(i) "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 the day before a Default Year.

(j) "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 Pre-existing Property made between the Designation Date and the Phase-in Commencement Date.

(k) "Project Owner" means ALCO 85 LLC, being a Rhode Island limited liability company, or any successor and/or assign permitted hereunder.

(l) "Project Site" means the land, as well as improvements found thereon, designated as Lot 279 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.

(m) "Project Taxable Properties" means, collectively, those Real Property Improvements, as hereinafter defined, included in the Project.

(n) "Qualified Tenant" means a Tenant whose occupancy of a Designated Portion has been approved in writing in advance by the director of planning and development and who has agreed to observe the provisions of Sections 8, 9 and 10 of this Ordinance; provided no tenant may be a Qualified Tenant if relocating from another location within the City of Providence.

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

(p) "Stabilized Tax Payment(s)" means, with respect to property in any 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 Termination Date, 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.

(q) "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.

(r) "Termination Date" with respect to any Designated Portion means December 31 coinciding with or next following the ninth (9th) anniversary of the Phase-in Commencement Date, or, if a Default Year occurs, the last day of the Default Year.

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, designate any portion 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 Designation Date to the Termination Date. Page 5

(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 a 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.

(c) The director of planning and development shall review any written request submitted by the Project Owner for a Designated Portion to determine whether each tenant proposed to occupy such 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 certification from the director of planning and development, the city assessor shall review the request and if he finds that it complies with the conditions set forth in this Ordinance and that the director of planning and development has made the required certification, then the city assessor shall designate the portion of the Project Site.

Section 4. Term. The term of the tax stabilization hereby granted with respect to any Designated Portion shall be for a period commencing on the Designation Date and ending on the Termination Date, unless earlier terminated as provided herein. The tax stabilization provided herein with respect to any Designated Portion will terminate at the end of any Default Year.

Section 5. Stabilized Tax Payments. As long as the Project Owner, or any permitted transferee, owns or operates any Designated Portion and, after the Phase-in Commencement Date, each Tenant therein is a Qualified Tenant, the Project Owner will continue to make the Stabilized Tax Payment(s) as set forth herein during the term of this tax stabilization plan. The Project Owner agrees that the Project Site will be subject to taxation, without regard to any tax stabilization, as of the Termination Date and thereafter.

Section 6. 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 Project Taxable Properties on the Designated Portions during the term of this Page 6
Ordinance, 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 Project Taxable Properties on the Designated
Portions, see Exhibit B attached hereto and incorporated by reference. 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 that is not Project Taxable Property on a Designated
Portion or personal property or 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 Taxable Properties, 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 and personal property taxes
not subject to a tax treaty or this Ordinance.

(e) Notwithstanding subsection (a) and Section 7, 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 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 7. Satisfaction of Obligations. The City of Providence agrees that if the
conditions specified in section 5 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

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accordance with the terms of this Ordinance; the City of Providence shall, during the term of this Ordinance, accept said payments in full satisfaction of the obligations of the Project Owner as to the payment of any and all taxes and property assessments to the City of Providence which would otherwise be levied upon or with respect to the Project Taxable Properties, 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 the Project.

Section 8. Minority and Local Contractors/Vendors. It shall be the goal of the Project Owner and each Qualified Tenant and 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, City of Providence, as certified by state agency or the director of the department of planning and development, City of Providence. 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 9. 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 Page 8
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. Similar requirements shall apply to build-out or fit-out projects contracted for by a Qualified Tenant.

Section 10. 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 11. Purpose. The City of Providence has entered into this tax stabilization plan to renovate mill buildings and to provide Commercial space. 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. 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*. If any Project Taxable Properties are used other than for Commercial use ~~(such as for manufacturing or a hotel)~~, this Ordinance shall cease to apply to such Project Taxable Properties. This Ordinance shall not apply to any Project Taxable Properties used as a hotel nor to any use that replaces a similar use by the user or a related entity elsewhere in the City of Providence in the ALCO 85 LLC Project.

Section 12. 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)

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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 13. 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 14. 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 15. Back Taxes. This treaty is conditioned upon the Project Owner at all times owing no back taxes to the City of Providence and remaining current on all payments due under this tax stabilization plan. Failure to make timely payments renders this treaty null and void, *ab initio*.

Section 16. 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 fess as would have been due and owing as if no plan had been entered , *ab initio*.

Section 17. 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 be 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 18. 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 8, 9, and 10 hereof on forms provided by said director for said purpose. The Project Page 10
Owner's report shall include evidence of compliance by Qualified Tenants with Sections 8 and 9.
The director may require additional information to demonstrate compliance.

Section 19. 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 Westminister Street, 2nd Fl.
Providence, RI 20903

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

If to the Project Owner:

Section 20. 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 the tax stabilization 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 of the City of Providence, 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 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 Project Owner prior to the Early Termination Date, the determination of the director of the department of planning and development shall be conclusive and 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 21. Applicable Law. This Ordinance shall be construed under the laws of the State of Rhode Island.

Section 22. Effective Date. This ~~ordinance~~Ordinance shall take effect ~~seven days~~afterupon its passage.

EXHIBIT A
APPLICATION

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Stabilization For: ALCO 85 LLC Project
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcel: Plat 27 Lot 279

STABILIZATION TERMS:

Stabilization is Limited to 80,000 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 #	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

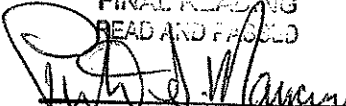
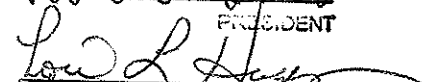
This stabilization shall expire no later than twenty years after the effective date of this Ordinance.

IN CITY COUNCIL
DEC 15 2008
FIRST READING
READ AND PASSED

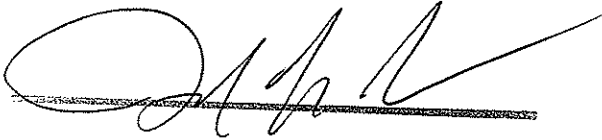
 CLERK

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.

EFFECT
BILITY:

PROVISIONS OF THIS ORDINANCE SHALL APPLY TO COMMERCIAL / INDUSTRIAL & RESIDENTIAL PROPERTY DEFINED TO MEAN BUILDINGS, STRUCTURES AND OTHER IMPROVEMENTS THEREON, 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.

PROCE

DURE:

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
2009 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
301% 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, 279, 280, 281

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. \$16.4 million

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 \$1.76 mm
(see attachment 1.07)

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 764,515 SF
varies 1965 - new construction
varies (interior) and (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 X

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 X

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

YES X 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 2/2/06
ANTICIPATED THAT CONSTRUCTION SHALL BE COMPLETED 2/2/12

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
166 Valley St. Providence, RI 02909
ADDRESS

12/8/08
DATE

RECEIVED BY CITY ASSESSOR
PROVIDENCE RHODE ISLAND

J. Glatz 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 Gelatz 12/12/08

RECEIVED BY CITY COLLECTOR

12/8/08

APPLICANT OWES FOLLOWING TAXES

Plat 27 Lot 274

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 Poming

RECEIVED BY BUILDING INSPECTOR

DATE

Francisco Poming 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.

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	69,000,000	33,196,000 5,404,000 38,600,000
2	Phase II	Licht	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	Licht	New	Oct-09	Nov-11	Residential Rental-Market Residential Rental-Affordable	47 85 132	45,688 110,606 156,292		17,700,000 17,700,000
4	Nicholson Flie	Licht	Rehab	Jun-10	Oct-11	Commercial (Office, Light Industrial) Retail Residential Rental-Market Residential Rental-Workforce		81,000 140 78,400 19,600 179,142		12,735,000 0 15,565,000 28,300,000
5	Riverfront	Licht	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 27,840 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	242,200,000	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
1040 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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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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MAILED TO: City Of Providence
25 DORRANCE ST
PROVIDENCE, RI 02903-1738



ROBERT P. CEPFRANO
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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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	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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MAILED TO: City of Providence
City Hall
Providence, RI 02903

Marc S. Castaldi

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	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.

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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 17, 2008	027	0279	0000	68 Hemlock St	66,083	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	\$221,771.20	\$0.00	\$0.00	\$0.00	Alco 262 LLC
		<u>\$221,771.20</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$221,771.20</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</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:
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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

EXHIBIT B

Stabilization For: ALCO 85 LLC Project
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcel: Plat 27 Lot 279

STABILIZATION TERMS:

Stabilization is Limited to 80,000 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 #	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

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

EXHIBIT C EXAMPLE

Stabilization For: ALCO 85 LLC Project
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcel: Plat 27 Lot 279

STABILIZATION TERMS:

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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:

ASSUMPTIONS:
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 #	Assessment	% Taxable	Tax Rate	Stabilization Tax Payment	Stabilized Land Taxes	Total Tax Stabilization Portion
1	\$ 6,870,000	10%	\$ 28.00	\$ 19,236	\$ 25,606	\$ 44,842
2	\$ 6,870,000	20%	\$ 28.00	\$ 38,472	\$ 25,606	\$ 64,078
3	\$ 6,870,000	30%	\$ 28.00	\$ 57,708	\$ 25,606	\$ 83,314
4	\$ 6,870,000	40%	\$ 28.00	\$ 76,944	\$ 25,606	\$ 102,550
5	\$ 6,870,000	50%	\$ 28.00	\$ 96,180	\$ 25,606	\$ 121,786
6	\$ 6,870,000	60%	\$ 28.00	\$ 115,416	\$ 25,606	\$ 141,022
7	\$ 6,870,000	70%	\$ 28.00	\$ 134,652	\$ 25,606	\$ 160,258
8	\$ 6,870,000	80%	\$ 28.00	\$ 153,888	\$ 25,606	\$ 179,494
9	\$ 6,870,000	90%	\$ 28.00	\$ 173,124	\$ 25,606	\$ 198,730
10	\$ 6,870,000	100%	\$ 28.00	\$ 192,360	\$ 25,606	\$ 217,966

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

RICHARD KERBEL
Director of Administration



DAVID N. CICILLINE
Mayor

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

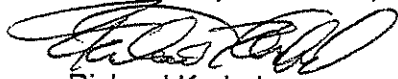
Dear Chairman Igliozi:

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

City Hall

• Providence, Rhode Island 02903

• (401) 421-7740

EXHIBIT B

Stabilization For: ALCO 85 LLC Project
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcel: Plat 27 Lot 279

STABILIZATION TERMS:

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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

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

EXHIBIT C EXAMPLE

Stabilization For: ALCO 85 LLC Project
Date of Application: December 8, 2008
City Ordinance: Code of Ordinances 21-160 through 21-172
Parcel: Plat 27 Lot 279

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Non- Designated Portion and Personal Property is Outside the Stabilization and is Fully Taxable

EXAMPLE:

ASSUMPTIONS:
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 #	Assessment	% Taxable	Tax Rate	Stabilization Tax Payment	Stabilized Land Taxes	Total Tax Stabilization Portion
1	\$ 6,870,000	10%	\$ 28.00	\$ 19,236	\$ 25,606	\$ 44,842
2	\$ 6,870,000	20%	\$ 28.00	\$ 38,472	\$ 25,606	\$ 64,078
3	\$ 6,870,000	30%	\$ 28.00	\$ 57,708	\$ 25,606	\$ 83,314
4	\$ 6,870,000	40%	\$ 28.00	\$ 76,944	\$ 25,606	\$ 102,550
5	\$ 6,870,000	50%	\$ 28.00	\$ 96,180	\$ 25,606	\$ 121,786
6	\$ 6,870,000	60%	\$ 28.00	\$ 115,416	\$ 25,606	\$ 141,022
7	\$ 6,870,000	70%	\$ 28.00	\$ 134,652	\$ 25,606	\$ 160,258
8	\$ 6,870,000	80%	\$ 28.00	\$ 153,888	\$ 25,606	\$ 179,494
9	\$ 6,870,000	90%	\$ 28.00	\$ 173,124	\$ 25,606	\$ 198,730
10	\$ 6,870,000	100%	\$ 28.00	\$ 192,360	\$ 25,606	\$ 217,966

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

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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
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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

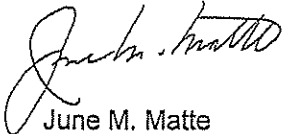
Type	Allocation Percentage	Base Value
For Sale Residential	5%	\$842,856
Rental Apartments	25%	\$3,932,473
Commercial	70%	\$11,029,571
Total		\$15,804,900

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

THE CITY OF PROVIDENCE
AGREED-UPON PROCEDURES REPORT



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• 2012-13 • 2013

**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 engagement 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

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**

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ON APPLYING AGREED-UPON PROCEDURES**

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Thomas Deller,
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\$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

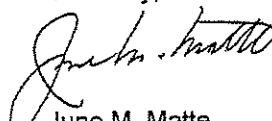
Type	Allocation Percentage	Base Value
For Sale Residential	5%	\$842,856
Rental Apartments	25%	\$3,932,473
Commercial	70%	\$11,029,571
Total		\$15,804,900

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

P

City of Providence

December 8th, 2008

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

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

Re: ALCO Project

Dear Councilman Iglizzi:

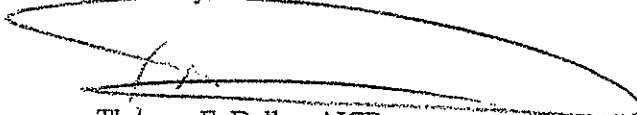
This letter is in response to your letter of December 3rd, 2008 in which you raised a series of questions about the proposed Tax Incremental Finance Plan for the ALCO Project. Your letter was sent jointly to Eric Busch, Development Director for SBER and to me. Your questions were divided into three parts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

November 21, 2008

Donald T. Burns
President
Smithfield

Providence City Council
City Council Office

Bruce G. Hooke
Vice President
Providence

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.

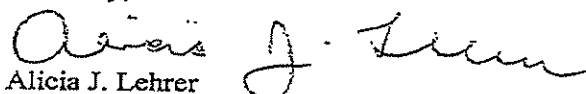
Alicia J. Lehrer
Executive Director

Lisa Aureochia
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.

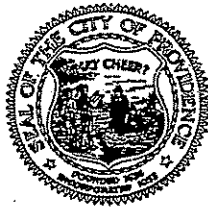
I understand that SBER is contemplating site access changes as part of the Phase III development program. The Traffic Engineering Division will review any proposed changes to site access as part of the Phase III approval process. Should SBER submit for Phase III approval before the completion of construction 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:

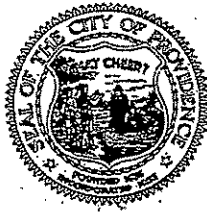
1. *Consistency - The proposed development is consistent with the Comprehensive Plan and/or has satisfactorily addressed the issues where there may be inconsistencies.*

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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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

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.

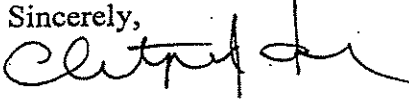
Based on the findings of fact, the City Plan Commission voted to approve the Preliminary Plan Stage for Phase 1 subject to the following conditions:

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 internal 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 \$53,568.

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

Jay Fluck
Executive Vice President/Partner
T 401.621.4333
F 401.831.3903
jay.fluck@cbre-ne.com

December 8, 2008

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

RE: ALCO TIF

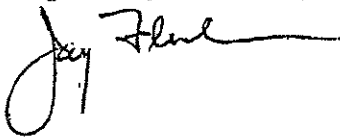
Dear Mr. Deller;

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

JF7302-alco.tif

**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

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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 engagement 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

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PFM Asset Management LLC
PFM Advisors

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617-330-6914
617-951-2361 fax
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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	—	1.28
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	\$22,160,600	\$27,859,403	\$918,554	

(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

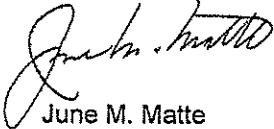
Type	Allocation Percentage	Base Value
For Sale Residential	5%	\$842,856
Rental Apartments	25%	\$3,932,473
Commercial	70%	\$11,029,571
Total		\$15,804,900

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