

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 1994-31

No. 611 AN ORDINANCE

TO ADOPT THE PROVIDENCE PLACE TAX INCREMENT PROJECT PLAN

Approved September 23, 1994

Be it ordained by the City of Providence:

WHEREAS, Providence Place Group ("PPG"), the State of Rhode Island (the "State") and the Rhode Island Port Authority and Economic Development Corporation ("Port Authority") have entered into a Development Agreement dated February 24, 1994, as amended, and as it may be amended subsequent to the date hereof (the "Agreement"), relating to the development and construction of the Providence Place super regional shopping center (the "Shopping Mall") and a publicly owned garage to be constructed beneath the Shopping Mall (the "Garage"); and

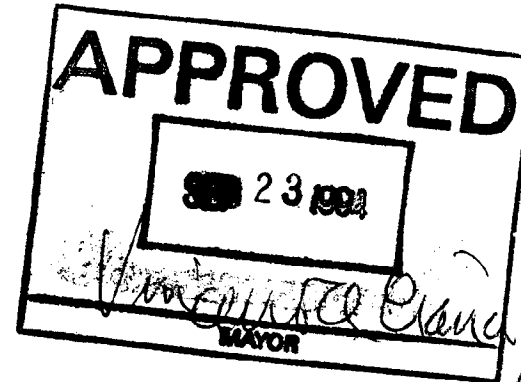
WHEREAS, the City has developed with the State, the Port Authority and PPG a detailed plan describing the Garage and the public need therefor, a copy of which is attached hereto as Exhibit A (the "Project Plan"); and

WHEREAS, pursuant to Section 33.2 of Title 45 of the Rhode Island General Laws (the "Act"), the City wishes to designate the tax increment from the development of the Shopping Mall and certain associated improvements for the benefit of the Garage, as described in the attached Project Plan, including, without limitation, a portion of the payments made under an Agreement for Payments in Lieu of Taxes (the "Tax Agreement") entered into by the City, the Port Authority and PPG pursuant to Section 42-64-13(e) and Section 42-64-20 of the Rhode Island General Laws; and

WHEREAS, the Project Plan contemplates the issuance of approximately \$69,500,000.00 (\$47,250,000.00 in bond proceeds for construction costs plus approximately \$22,250,000.00 in costs associated with the borrowing) of special obligation tax increment revenue bonds under

No.

CHAPTER
AN ORDINANCE



IN CITY COUNCIL
JUN 16 1994
FIRST READING
REFERRED TO COMMITTEE ON
URBAN REDEVELOPMENT
RENEWAL & PLANNING

CLERK

IN CITY COUNCIL
JUN 16 1994
FIRST READING
REFERRED TO COMMITTEE ON
FINANCE

CLERK

THE COMMITTEE ON
FINANCE and URBAN REDEVELOPMENT
RENEWAL & PLANNING

Recommends Be Continued

Claire E. Brooke-Steward
July 13, 1994
July 15, 1994
July 20, 1994
July 27, 1994 P.H.
Aug. 1, 1994
Aug. 11, 1994

Clerk

THE COMMITTEE ON URBAN REDEVELOPMENT
FINANCE and RENEWAL & PLANNING

Approves Passage of
The Within Ordinance, as amended

Claire E. Brooke-Steward
Sept. 15, 1994 Chairman

Council President Retrosinelli (By Request)

Section 45-33.2-6 of the Act (the "TIF Bonds"), following separate City Council authorization of any such debt, to finance or refinance the acquisition, development and construction of a portion of the Garage; and

WHEREAS, the Internal Revenue Service has promulgated regulations (the "Regulations") which require, in order to preserve the tax-exempt status of any TIF Bonds to the maximum possible extent, that the City declare an official intent to reimburse any expenditures for the Project described in the Project Plan made prior to the date of issuance of the TIF Bonds, where such reimbursement is to be derived from the proceeds of TIF Bonds; and

WHEREAS, the most administratively efficient means of handling the technical timing requirement of the Regulations is to designate the appropriate City official to make such official intent declarations; and

WHEREAS, the Project Plan sets forth an estimate of project costs and the amounts and sources of funds to be used to defray those costs; and

WHEREAS, the Project Plan sets forth an estimate of the tax increment, including, without limitation, payments to be made under the Tax Agreement, to be generated by the Shopping Mall, the method of calculating said tax increment, and the City Officer responsible for calculating said tax increment; and

WHEREAS, the Project Plan sets forth the location and boundaries of the Garage project area and of the Shopping Mall tax increment area; and

WHEREAS, the Project Plan sets forth the land acquisition, demolition and removal of structures and such development, redevelopment, and general public improvements as are proposed to be carried out within the Garage project area; and

WHEREAS, no person or organizations will be displaced by the Garage project, except for the Rhode Island Department of Elementary and Secondary Education and the University of Rhode Island College of Continuing Education, which is expected to be relocated to Shepards Building, so-called in Providence as described in the Project Plan; and

WHEREAS, the City has made and hereby reaffirms the following findings with respect to the Project Plan:

- (a) The facilities, programs and other assistance described in the Project Plan are needed; and
- (b) That component of the Project Plan calling for the financing of a portion of the Garage through the issuance by the City of approximately \$69,500,000 of TIF Bonds is in the public interest; and
- (c) That unemployment and the threat thereof exists in the City and that security against future unemployment is required; that the Project Plan is needed, and its implementation will provide employment and security against unemployment, having a reasonable relationship to the probable cost thereof.

NOW THEREFORE BE IT ORDAINED:

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

Section 2. That the Project Plan, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference, is hereby approved and adopted.

Section 3. That the scheduled time frames for the calculation of the tax increment, including, without limitation, payments to be made under the Tax Agreement and under the Project Plan may be amended or adjusted by the Finance Director and Finance Director shall provide written notice of such amendments or adjustments to the City Council.

Section 4. That the City is authorized to enter into an agreement with the State and/or Port Authority with respect to the ownership of the Garage and any other agreements necessary to the implementation of the Project Plan, subject to final approval of the City Council.

Section 5. Boyce Spinelli, Director of the Department of Finance is hereby designated as authorized to declare official intent under Section 1.150-2 of the Regulations in connection with reimbursement of expenditures made for the Project described in the Project Plan, and to amend such declarations on behalf of the City upon written notice of such amendment to the City Council.

Section 6. If this Ordinance or any part of this Ordinance conflicts or is inconsistent with any existing Ordinance, then the provisions of this Ordinance shall govern.

Section 7. This ordinance shall take effect immediately upon its passage.

IN CITY COUNCIL
SEP 20 1994
FIRST READING
READ AND PASSED
Michael R. Clement CLERK

IN CITY
COUNCIL
SEP 22 1994
FINAL READING
READ AND PASSED
James H. Sinelli PRESIDENT
Michael R. Clement CLERK

9/15/94

Exhibit A

**PROVIDENCE PLACE
TAX INCREMENTAL
PROJECT PLAN**

Project Summary

* **Project to be Funded:** A portion of the costs associated with the development and construction of a parking garage available to members of the general public to be constructed beneath the Providence Place super regional shopping center.

* **Tax Increment Area:** The property on which the Providence Place shopping center is to be located.

* **Tax Increment Financing:** Approximately \$69,500,000 in Special Obligation Tax Increment Revenue Bonds (the "TIF Bonds"). The TIF Bonds shall include \$47,250,000 for construction costs and approximately \$22,250,000 for borrowing costs, capitalized interest, and costs of issuance. The City of Providence shall not be obligated to expend more than \$47,250,000 for construction costs.

* **Designated Person for Calculating Tax Increment:** Theodore C. Littler, City Assessor for the City of Providence.

Project Description

Providence Place Group, a private developer ("PPG"), will construct Providence Place consisting of a regional shopping mall containing not less than 900,000 square feet of retail space (the "Shopping Mall"). The City of Providence (the "City") and the State of Rhode Island (the "State") or the Rhode Island Port Authority and Economic Development Corporation (the "Port Authority") will construct an approximately 5,000 space parking garage available to the general public (the "Garage") beneath the Shopping Mall. The portion of the Garage to be financed and owned by the City pursuant to this Project Plan shall constitute the "Project" under this Project Plan. The Garage will be open to members of the general public and will not be reserved for, nor preference given in any way to, customers or employees of the Shopping Mall. The Project will be developed and constructed pursuant to the terms of a Development Agreement by and between the State, the Port Authority and PPG dated February 24, 1994, as amended from time to time.

Project Area

The Project is located across the City's tax assessment plats 19 and 4, which encompass the area between the State Capitol on the north and the central business district on the south, and bounded by Interstate 95 on the west as further described on Schedule 1 attached hereto (the "Project Area").

Estimate of Project Costs and Sources of Funds

The total Shopping Mall and Garage costs are estimated to be \$320,000,000. The portion of the Garage construction costs to be defrayed by the TIF Bonds and the State's use of Federal Highway funds will not exceed \$94,500,000. A breakdown of these costs is contained in the Estimated Budget attached hereto as Schedule 2. PPG will pay all costs of constructing the Garage in excess of \$94,500,000 (assuming PPG is Project Coordinator,) in accordance with the Development Agreement, and all costs directly related to access and structural support to the Shopping Mall. The responsibility of PPG is currently estimated to cost approximately \$6,000,000. PPG's estimated \$6,000,000 contribution will defray the costs of constructing the Garage which are not eligible for tax-exempt financing under federal tax law. In addition, the State will use Federal Highway funds to finance or refinance the acquisition of a portion of the site on which the Garage and Shopping Mall will be located. Proceeds of private financing obtained by PPG will be used to pay the costs of the Shopping Mall, as more fully described in the Estimated Budget.

Use of Proceeds of TIF Bonds

The TIF Bonds will be used to finance the pro rata ownership interest by the City in the Garage which will be owned by the City and the State or the Port Authority. The public components of the Project consist of acquisition and site preparation of the real estate and the design and construction of the Garage to be owned by the City and the State or the Port Authority and the off-site improvements including, without limitation, access ramps, roadway extensions and intermodal transportation facilities to be constructed by the State. The TIF Bond proceeds will be deposited into a construction fund for the Project and such proceeds shall constitute payment by the City of its pro rata share of ownership in the Garage.

* Estimated amount of indebtedness: \$69,500,000.

* Base Date: December 31, 1994.

* Estimate of annual average tax increment to be generated: A breakdown for illustration purposes of the approximate annual tax increment over a 30-year period is attached as Schedule 3.

* Officer Responsible for Calculating Tax Increment: Theodore C. Littler, City Assessor for the City of Providence.

* Tax Increment Area: The tax increment area includes the real estate occupied by the Shopping Mall which is situated on the Project and Project Area.

* Uses of Increment: The Act permits the City to deposit as revenues in the General Fund those tax increment revenues that are not needed for the payment of debt service on tax increment financing bonds, or bond anticipation notes or other short term financing, issued in conformance with the Act, or the provision of any required security in connection with such debt.

The City's present intention is to issue the TIF Bonds in the fall of 1994. Prior to issuing any such TIF Bonds, however, the City must approve a separate ordinance authorizing such TIF Bonds. During the construction period, there will be no tax increment revenues from the project. As a result, a portion of the TIF Bond proceeds will be deposited in a capitalized interest fund at closing in order to ensure that debt service will be made on the TIF Bonds during the construction period. To the extent tax increment revenues are in excess of the payment of debt service on tax increment financing bonds or bond anticipation notes or other short-term financing and in excess of the 10% of the revenues to be deposited in the General Fund, then such excess funds may be applied to a surplus account for application to a debt service fund for the construction financing provided by PPG for structural support and access to the Shopping Mall or in accordance with the Tax Treaty.

* Calculation of Increment: The period of time for which the tax increment is to be calculated is within the following time frames:

* Fiscal 1994 - 1998: The schedule calls for TIF Bonds to be issued and construction of the Garage to begin during the second half of calendar year 1994. Completion of the Shopping Mall is expected in the second half of calendar year 1997. During this construction period, certain proceeds from the TIF Bonds which have been deposited in a capitalized interest fund for the TIF Bonds will be used to make debt service payments. Therefore, there is no calculation of tax increment during these years.

* Fiscal 1999 - 2028: Annual tax payments will be made for the subject property according to the Tax Agreement. Debt service payments will be made from funds collected under the plan. Therefore, the tax increment is calculated for this period of time.

The scheduled time frames and annual payments described herein may be amended or adjusted by the Finance Director as necessary in the event the construction of the Garage or the Shopping Mall is rescheduled or in the event the TIF Bonds are remarketed in accordance with the Tax Agreement.

The tax increment is the difference between the taxes that will be paid on the subject property once developed and the taxes that would be paid if there were no development.

If there was no development, it is assumed that the subject property would continue to be owned by the current owners -- the State of Rhode Island and Amtrak -- and would continue to be tax-exempt. Therefore, the taxes that would be paid under the no-build scenario are \$0.

The taxes to be paid under the build scenario are the amounts specified in the Tax Agreement. For each year, the gross tax increment is equal to the amount of taxes proposed to be paid pursuant to the Tax Agreement.

The net increment is the portion of the gross increment that remains after dedication of increment funds for the payment of general obligation debt under §45-33.2-3(6). For the City of Providence, outstanding G.O. debt equals 10% of the City's Tax Levy as of December 31, 1993. It is assumed for this analysis that the 10% rate holds for the period covered by the TIF payment schedule.

Order No: 896105575

SCHEDULE 1

AMTRAK PARCEL

DESCRIPTION

PARCEL 1:

That certain lot or parcel of land, with all the buildings and improvements thereon, situated in the City of Providence, County of Providence, State of Rhode Island, bounded and described as follows:

Beginning at the northwesterly corner of Parcel No. 10, as shown on plan entitled, "Plan of Land in Providence, R.I., surveyed for the Capital Center, surveyed and drawn by CE Maguire, Inc. Scale 1"=40', May, 1982, Revised Dec, 1982", said corner being the intersection of the easterly Freeway line of the proposed Civic Center Interchange, as shown on Plat No. 1989, and a line fifteen (15.00) feet southerly and parallel to the proposed centerline of the proposed Track No. 2 of the National Railroad Passenger Corporation;

Thence N 83°37'37" E, along the northerly line of said Parcel No. 10, a distance of one hundred seventy and 43/100 (170.43) feet to a point, the last described line being fifteen and 00/100 (15.00) feet southerly and parallel to said proposed centerline of the proposed Track No. 2;

Thence N 83°37'37" E, along the northerly line of said Parcel 10, a distance of sixty-seven and 01/100 (67.01) feet to an angle;

Thence N 81°04'34" E, along the northerly line of said Parcel No. 10, a distance of thirty-three and 67/100 (33.67) feet to a point of curvature;

Thence easterly, bearing northeasterly along the arc of a curve having a radius of one thousand one hundred thirty-eight and 05/100 (1,138.05) feet, a distance along said arc and the northerly line of Parcel No. 10 of one hundred eighty and 66/100 (180.66) feet to an angle, the last described line being fifteen and 00/100 (15.00) feet southerly and parallel to said proposed centerline of the proposed Track No. 2;

Thence S 69°44'26" E, along the northerly line of Parcel No. 10, a distance of seventy-four and 90/100 (74.90) feet to an angle;

Thence S 82°37'58" E, along the northerly line of Parcel No. 10, a distance of seventy-two and 35/100 (72.35) feet to a corner;

Thence S 5°41'29" W, along the westerly line of the relocated Francis Street, a distance of thirty and 01/100 (30.01) feet to a corner;

Thence S 82°37'58" E, along the westerly line of said relocated Francis Street, a distance of twenty-and 01/100 (20.01) feet to a corner;

Thence S 5°41'29" W, along the westerly line of said relocated Francis Street, a distance of seventy-five and 13/100 (75.13) feet to a point of curvature;

Thence southerly, bearing southeasterly along the arc of a curve having a radius of seven hundred fifty-five and 00/100 (755.00) feet, a distance along said arc and the westerly line of said relocated Francis Street of two hundred sixty-one and 37/100 (261.37) feet to a point of reverse curve;

Thence southwesterly, bearing westerly along the arc of a curve having a radius of thirty-six and 00/100 (36.00) feet, a distance along said arc of fifty-six and 50/100

Order No: 896105575

SCHEDULE 1
(Continued)

DESCRIPTION

(56.50) feet to a point of compound curve;

Thence southwesterly, bearing westerly along the arc of a curve having a radius of four hundred seventy-one and 00/100 (471.00) feet, a distance along said arc and the northerly Freeway line of the proposed Civic Center Interchange of two hundred seventy and 25/100 (270.25) feet to a point of compound curve;

Thence westerly, bearing northwesterly along the arc of a curve having a radius of two hundred seven and 15/100 (207.15) feet, a distance along said arc and the northeasterly Freeway line of said proposed Civic Center Interchange of ninety-three and 66/100 (93.66) feet to a point of tangency;

Thence N 45°26'41" W, along the easterly Freeway line of said proposed Civic Center Interchange, a distance of one hundred thirty-six and 57/100 (136.57) feet to a point of curvature;

Thence northwesterly, bearing northerly along the arc of a curve having a radius of four hundred forty-five and 00/100 (445.00) feet, a distance along said arc and the easterly Freeway line of said proposed Civic Center Interchange of forty-three and 51/100 (43.51) feet to a point of compound curve;

Thence northwesterly, bearing northerly along the arc of a curve having a radius of five hundred forty-five and 00/100 (545.00) feet, a distance along said arc and the easterly Freeway line of said proposed Civic Center Interchange of sixty-five and 85/100 (65.85) feet to a corner;

Thence S 59°49'27" W, along the easterly Freeway line of said proposed Civic Center Interchange, a distance of twenty-seven and 00/100 (27.00) feet to a corner;

Thence northwesterly, bearing northerly along the arc of a curve having a radius of five hundred seventy-two and 00/100 (572.00) feet, a distance along said arc and the easterly Freeway line of said proposed Civic Center Interchange of one hundred fifty-four and 61/100 (154.61) feet to the point and place of beginning.

PARCEL II:

An easement in Air Rights, so-called, above the National Railroad Passenger Corporation's railroad tracks immediately adjacent to said Parcel 10.

SCHEDULE 1
(Continued)

URI PARCEL

That certain lot or parcel of land, with all the buildings and improvements thereon, situated in the City of Providence, County of Providence, State of Rhode Island, bounded and described as follows:

NORTHERLY: By Hayes Street

EASTERLY: by relocated Francis Street

SOUTHERLY: by the present and former line of Promenade Street

WESTERLY: Park Street

Together with Parcel S-6 and Parcel S-9 as shown on plan entitled, "Plan of Land in Providence, R.I., surveyed for the Capital Center, surveyed and drawn by CE Maguire, Inc. Scale 1"=40', May, 1982, Revised Dec, 1982".

SCHEDULE 2**ESTIMATED BUDGET****HARD COSTS**

	<u>Total</u>	<u>State</u>	<u>City</u>	<u>PPG</u>
SITE ACQUISITION	11,000,000	11,000,000		
GENERAL CONDITIONS	\$ 6,100,000	3,050,000	3,050,000	
SITework/INFRASTRUCTURE	5,750,000	2,875,000	2,875,000	
FOUNDATIONS	9,500,000	2,500,000	2,500,000	4,500,000
BUILDING STRUCTURAL & SLABS	45,700,000	22,575,000	22,575,000	550,000
EXTERIOR WALLS	4,500,000	2,250,000	2,250,000	
ROOFING/MOIST, PROTECTION	3,800,000	1,900,000	1,900,000	
MISC. METALS/STAIRS	900,000	450,000	450,000	
CARPENTRY	157,039	78,519	78,520	
INT. PARTITIONS/FINISHES	6,700,000	3,350,000	3,350,000	
SPECIAL CONST./EQUIPMENT	1,100,000	500,000	500,000	
VERTICAL TRANS. SYSTEMS	750,000	375,000	375,000	
PLUMBING	1,250,000	625,000	625,000	
FIRE PROTECTION	750,000	375,000	375,000	
HVAC	950,000	475,000	475,000	
ELECTRICAL	<u>1,900,000</u>	<u>950,000</u>	<u>950,000</u>	

SUBTOTAL \$100,707,039 53,328,519 42,328,520 \$5,050,000

CONTRACTOR'S PROFIT/FEE 1,794,141 833,946 833,945 126,250

SUBTOTAL \$102,501,180 54,162,465 43,162,465 \$5,176,250

BOND @ 1.1% 732,009 337,535 337,535 56,939

CONST. TOTAL \$103,233,189 54,500,000 43,500,000 \$5,233,189

SOFT COSTS

DESIGN & CONSULTING FEES	4,700,000	2,000,000	2,000,000	700,000
PERMIT FEES	500,000	250,000	250,000	
PROJECT ADMIN/OH SUPERVISION	<u>3,000,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	

TOTAL \$111,433,189 \$58,250,000 \$47,250,000 \$5,933,189

SCHEDULE 2 (Cont.)

The State or Port Authority's portion of the Garage (State's Costs) and additional costs or overruns that are directly related to the structural support of the Shopping Mall and the access to the Shopping Mall (PPG's Costs) shall not be paid from proceeds of TIF Bonds which qualify as tax-exempt. All of City's Costs paid from proceeds of tax-exempt TIF Bonds are allocable solely to the building of the Garage operated for the benefit of the general public.

SCHEDULE 3

**CALCULATION OF TAX INCREMENT
(BASED ON ASSUMPTION ITEMIZED ABOVE)
in millions**

<u>Fiscal</u>	<u>Projected No Build</u>	<u>Taxes Paid Build</u>	<u>Minus G.O. Factor</u>	<u>Net Tax Increment</u>
1999	\$0	\$3,500,000	\$350,000	\$3,150,000
2000	\$0	\$3,500,000	\$350,000	\$3,150,000
2001	\$0	\$3,500,000	\$350,000	\$3,150,000
2002	\$0	\$3,500,000	\$350,000	\$3,150,000
2003	\$0	\$3,500,000	\$350,000	\$3,150,000
2004	\$0	\$4,700,000	\$470,000	\$4,230,000
2005	\$0	\$4,700,000	\$470,000	\$4,230,000
2006	\$0	\$4,700,000	\$470,000	\$4,230,000
2007	\$0	\$4,700,000	\$470,000	\$4,230,000
2008	\$0	\$4,700,000	\$470,000	\$4,230,000
2009	\$0	\$4,700,000	\$470,000	\$4,230,000
2010	\$0	\$4,700,000	\$470,000	\$4,230,000
2011	\$0	\$4,700,000	\$470,000	\$4,230,000
2012	\$0	\$4,700,000	\$470,000	\$4,230,000
2013	\$0	\$4,700,000	\$470,000	\$4,230,000
2014	\$0	\$4,700,000	\$470,000	\$4,230,000
2015	\$0	\$4,700,000	\$470,000	\$4,230,000
2016	\$0	\$4,700,000	\$470,000	\$4,230,000
2017	\$0	\$4,700,000	\$470,000	\$4,230,000
2018	\$0	\$4,700,000	\$470,000	\$4,230,000
2019	\$0	\$4,700,000	\$470,000	\$4,230,000
2020	\$0	\$4,700,000	\$470,000	\$4,230,000
2021	\$0	\$4,700,000	\$470,000	\$4,230,000
2022	\$0	\$4,700,000	\$470,000	\$4,230,000
2023	\$0	\$4,700,000	\$470,000	\$4,230,000
2024	\$0	\$5,900,000	\$590,000	\$5,310,000
2025	\$0	\$5,900,000	\$590,000	\$5,310,000
2026	\$0	\$5,900,000	\$590,000	\$5,310,000
2027	\$0	\$5,900,000	\$590,000	\$5,310,000
2028	\$0	<u>\$5,900,000</u>	<u>\$590,000</u>	<u>\$5,310,000</u>
		\$141,000,000	\$14,100,000	\$126,900,000