

RESOLUTION OF THE CITY COUNCIL

No. 330

Approved November 1, 2010

WHEREAS, The Providence Public Buildings Authority (the "Authority") was constituted as a body corporate and politic of the City of Providence (the "City") pursuant to the provisions of Chapter 50 of title 45 of the General Laws of Rhode Island (the "Act") and a resolution duly passed by this City Council on August 13, 1987; and

WHEREAS, The Authority's creation was approved by the Public Finance Management Board on February 12, 1988; and

WHEREAS, The Authority may now duly transact its business of acquiring and constructing public facilities, acquiring public equipment; maintaining, renovating, repairing and operating the same; and issuing its revenue bonds and/or notes to finance the public facilities and public equipment that constitute projects under the Act; and

WHEREAS, The Authority may develop its projects only upon the request of the Mayor and the City Council; and

WHEREAS, Such request must take the form of a proposal by the Mayor approved by the City Council; and

WHEREAS, The general laws relating to school housing aid in the State of Rhode Island have been amended to encourage the financing for such projects to be undertaken through the Rhode Island Health and Educational Building Corporation ("RIHEBC"); and

WHEREAS, Existing financing arrangements with the Authority relating to school projects may require that the Authority participate with RIHEBC in the financing of school projects for the City; and

WHEREAS, The federal Taxpayer Relief Act of 1997 created a type of tax-credit bond known as Qualified Zone Academy Bonds ("QZABs") to encourage improvements to public school buildings and curriculum in certain qualified empowerment zones; and

WHEREAS, Section 313 of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008 grants a national allocation of \$400 million for calendar years 2008 and 2009 and Section 1522 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 grants an additional national allocation of \$1.4 billion for calendar years 2009 and 2010 to provide for the issuance of QZABs in accordance with the qualified tax credit bond program (the "QZAB Program") found in Sections 54A and 54E of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, Pursuant to Internal Revenue Service Notice 2009-30, \$1,221,000 of said allocations has been granted to the State of Rhode Island (the "State") for calendar year 2008 (the "2008 State Allocation") and \$4,273,000 has been granted to the State for calendar year 2009 (the "2009 State Allocation"), and pursuant to Internal Revenue Service Notice 2010-22, \$4,172,000 has been granted to the State for the calendar year 2010 (the "2010 State Allocation" and together with the 2008 State Allocation and 2009 State Allocation, collectively, the "State Allocation") to provide financing to any public school meeting the requirements of a "qualified zone academy" as defined in the Code for the purpose rehabilitating or repairing the public school facility, providing equipment, developing course materials, and training teachers and other school personnel; and

WHEREAS, The Rhode Island Department of Education, as Rhode Island's state educational agency, allocated the entire amount of the State Allocation to the City of Providence ("Providence" or the "City"); and

WHEREAS, Section 16-7-44 of the general laws requires that bonds, notes and other forms of indebtedness issued in support of school housing projects require passage of an enabling act by the general assembly; and

WHEREAS, The general assembly has approved legislation authorizing the Providence Public Buildings Authority to issue bonds in the form of QZABs up to an amount not exceeding fifty million nine hundred sixty-two thousand dollars (\$50,962,000) from time to time under its corporate name and seal, to provide funding for "Warm, Safe and Dry" projects in Providence public schools, and has approved such bonds or evidences of indebtedness as eligible for state housing aid reimbursement; and

WHEREAS, The Mayor has submitted the proposal attached hereto as Exhibit "A" for the City Council's approval.

NOW, THEREFORE, BE IT RESOLVED,

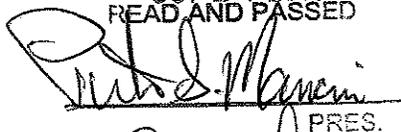
1. That the City Council hereby approves the Proposal of the Mayor dated October 7, 2010 attached hereto (the "Proposal") which, among other things, requests the Authority (acting either independently or in conjunction with a RIHEBC financing in which the Authority participates) to use best efforts to finance the renovation, rehabilitation, repair, replacement, improvement, furnishing and equipping of schools and school facilities, including but not limited to, remediation of fire code violations, repair, replacement, improvement and installation of roofs, heating, ventilation, air conditioning and fire alarm systems, including design and feasibility, engineering or other studies which may be necessary in connection therewith and other acts incidental thereto (the "2010 Warm, Safe and Dry Projects").
2. That in connection with the 2010 Warm, Safe and Dry Projects, there shall be financed certain costs of issuance, capitalized interest, the funding of a debt service reserve or sinking fund or obtaining a surety bond with respect thereto and other necessary or incidental expenses, and to effect such financing as approved by the City Council as aforesaid there shall be issued bonds, notes, and/or other evidences of indebtedness which qualify as QZABs, which may be sold as tax-credit bonds with respect to which the Internal Revenue Service (the "IRS") provides annual tax credits to owners in lieu of interest payments, or as federally taxable, interest-bearing bonds with respect to which the United States Treasury provides a direct interest expense subsidy to the City over the life of the QZABs (the "Bonds"), in either case a stated principal amount not to exceed nine million six hundred sixty-six thousand dollars (\$9,666,000) to provide funding for the 2010 Warm, Safe and Dry Projects.
3. That the City Council hereby authorizes the Mayor to negotiate and lease the 2010 Warm, Safe and Dry Projects from the Authority and to transfer or lease the 2010 Warm, Safe and Dry Projects and such additional property to the Authority as shall be necessary to secure the Bonds.
4. That the Mayor, the Director of Finance and the City Treasurer be, and they hereby are, authorized to take any and all action and to execute, file and deliver any and all agreements, notes, deeds, leases and other documents, and amendments thereto, as they, in their sole discretion, may deem necessary or desirable to implement the transactions contemplated by the Proposal.
5. That the City's Department of Public Property shall submit all estimates, bids, etc. regarding such construction, renovation, rehabilitation, improvement, furnishing, and equipping of the 2010 Warm, Safe and Dry Projects to the Committee on Finance of the City Council as such estimates become available.

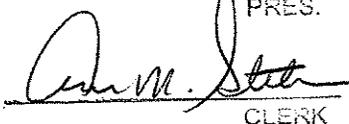
6. The City's Director of Finance is authorized to execute and deliver continuing disclosure certificates in connection with the Bonds issued by the Authority and/or RIHEBC (in conjunction with a financing in which the Authority participates), in such form as shall be deemed advisable by the City's Director of Finance. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of each continuing disclosure certificate, as it may be amended from time to time. Notwithstanding any other provision of this Resolution or the Bonds failure of the City to comply with any continuing disclosure certificate shall not be considered an event of default; however, any bondholder or noteholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Resolution and under any continuing disclosure certificate.

7. This resolution constitutes the City's declaration of official intent to reimburse itself for certain capital expenditures paid prior to the issuance of the qualified zone academy bonds. This declaration is made solely for purposes of establishing compliance with requirements of Section 54A(d)(2)(D)(i) and 54A(d)(2)(D)(ii) of the Internal Revenue Code. This declaration does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Project.

8. This Resolution shall take effect on passage.

IN CITY COUNCIL
OCT 21 2010
READ AND PASSED


PRES.


CLERK

APPROVED


MAYOR 11/1/10



October 7, 2010

Mayor of Providence

David N. Cicilline

Mr. Lloyd Granoff
Chairman
Providence Public Buildings Authority
400 Westminster Street
Providence, Rhode Island 02903

Dear Lloyd:

Section 45-50-10 of the General Laws of Rhode Island authorizes any authority created pursuant to the Municipal Public Buildings Authorities Law to acquire and construct public facilities and to acquire public equipment that constitute projects under said law; to maintain, renovate, repair and operate the same; and to issue revenue bonds to finance the same.

Chapter 16-7 of the General Laws of Rhode Island provides for state grants to reimburse a portion of a municipality's cost of providing school housing and Section 16-7-44 encourages school financings to be accomplished through the Rhode Island Health and Educational Building Corporation ("RIHEBC"). The City of Providence (the "City") and RIHEBC have existing financing arrangements with Providence Public Buildings Authority (the "Authority") relating to school projects which may require that the Authority participate with RIHEBC in the financing of school projects for the City.

In addition, the federal Taxpayer Relief Act of 1997 created a type of tax-credit bond known as Qualified Zone Academy Bonds ("QZABs") to encourage improvements to public school buildings and curriculum in certain qualified empowerment zones. Pursuant to Internal Revenue Service Notice 2009-30 and 2010-22, the Internal Revenue Service has allocated an aggregate amount of \$9,666,000 in QZAB volume cap to the state educational agency of the State of Rhode Island (the "State"). The Rhode Island Department of Education, as Rhode Island's state educational agency, has allocated \$9,666,000 of the State's QZAB volume cap to the City (the "City Allocation"). QZABs are less expensive for the City than conventional financing as QZABs may be issued as tax-credit bonds with respect to which the Internal Revenue Service (the "IRS") provides annual tax credits to owners in lieu of interest payments, or as federally taxable, interest-bearing bonds with respect to which the United States Treasury provides a direct interest expense subsidy to the City over the life of the QZABs. The general assembly has approved the issuance of the bonds and has approved such bonds as eligible for school housing aid reimbursement.

PRV 1094321.3

City of Providence, Rhode Island 02903
Phone (401) 421-7740 Fax (401) 274-8240

Mr. Lloyd Granoff
October 7, 2010
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Pursuant to Section 45-50-10 of the General Laws of the State of Rhode Island, I hereby propose and request that the Providence City Council join me in requesting the Authority (acting either independently or in conjunction with a RIHEBC financing in which the Authority participates) to use its best efforts to finance the renovation, rehabilitation, repair, replacement, improvement, furnishing and equipping of schools and school facilities, including but not limited to, remediation of fire code violations, repair, replacement, improvement and installation of roofs, heating, ventilation, air conditioning and fire alarm systems, including design and feasibility, engineering or other studies which may be necessary in connection therewith and other acts incidental thereto (the "2010 Warm, Safe and Dry Projects").

The Authority and/or RIHEBC (in conjunction with the Authority) are further requested to obtain title to the real estate and improvements constituting the 2010 Warm, Safe and Dry Projects or such additional property as shall be necessary to secure the bonds and to cooperate with the City of Providence in the development, planning, construction, maintenance, and operation of the 2010 Warm, Safe and Dry Projects and to lease the 2010 Warm, Safe and Dry Projects to the City for the benefit of the citizens of Providence.

The Authority (acting either independently or in conjunction with a RIHEBC financing in which the Authority participates) is requested to issue bonds which qualify as QZABs in the amount not to exceed nine million six hundred sixty-six thousand dollars (\$9,666,000) to provide funding for the 2010 Warm, Safe and Dry Projects, to capitalize interest, if permitted, to pay the costs of issuance of the bonds, to fund a debt service reserve fund or obtain a surety obligation with respect thereto and to fund such other expenses as may be necessary or incidental to the completion of the 2010 Warm, Safe and Dry Projects.

This request is subject to the approving vote of the Providence City Council.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Cicilline", with a long horizontal flourish extending to the right.

David N. Cicilline
Mayor