

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 2009-58

No. 482

AN ORDINANCE ESTABLISHING AND GRANTING A TAX STABILIZATION PLAN FOR MERCANTILE BLOCK, LLC, WITH RESPECT TO ASSESSOR'S PLAT 25, LOT 170 OF THE CITY OF PROVIDENCE

Approved November 16, 2009

Be it ordained by the City of Providence:

WHEREAS, The City Council of the City of Providence, pursuant to Section 44-3-9 of the Rhode Island General Laws, as amended, 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 a long-term economic benefit, and/or by reason of the willingness of a commercial enterprise to construct new buildings or to replace, reconstruct, convert, expand, retain or remodel existing buildings; and

WHEREAS, Mercantile Block, LLC, a Rhode Island limited liability company (defined below as the "Project Owner") has made application for tax stabilization for its "Commercial/Office Phase" of its "Project" (each term hereinafter defined) under said Rhode Island General Laws and applicable 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 blighted historic building located at 125-135 Washington Street, more specifically described as Assessor's Plat 25, Lot 170 (the "Project Site"); and

WHEREAS, The Project Owner has evidenced a willingness to renovate the existing multi-story historic building at the Project Site so as to create twenty-two (22) studio units for affordable housing on the third and fourth floors of said building ("Apartment Phase") and approximately 21,610 square feet of commercial/office space on the first and second floors of said building ("Commercial/Office Phase") (collectively, the "Project"); and,

WHEREAS, The Project will result in the substantial renovation of an existing building in the so-called Down-City portion of the City of Providence, thereby assisting the City of Providence in improving its tax base, will contribute to the economic well-being of the City of Providence by attracting users of the proposed residential units and the commercial/office, will increase expenditures by residents in the City of Providence and will provide both short and long-term employment opportunities in the City of Providence; and

WHEREAS, The City Council of the City of Providence has determined it is in the best interests of the residents of the City of Providence to grant such tax stabilization to induce the development of the Project as such tax stabilization will inure to the long-term benefit of the City of Providence,

NOW, THEREFORE, BE IT RESOLVED:

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

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

- (a) "Commencement Date" shall be upon passage of this ordinance.
- (b) "Personal Property" means any and all tangible personal property, including, but not limited to, all fixtures, equipment, furnishings, and other personal property, now or hereafter located at the Project Site (as hereinafter defined).
- (c) "Apartment Phase" means the renovation of the third and fourth floors of the existing building at Assessor's Plat 25, Lot 170, being designated as 125-135 Washington Street so as to create twenty-two, affordable, studio units for which no tax stabilization has been requested nor granted herein.
- (d) "Commercial/Office Phase" means the renovation of the first and second floors of the existing building at Assessor's Plat 25, Lot 170, being designated as 125-135 Washington Street so as to create approximately 21,610 square feet of commercial/office space for which tax stabilization has been requested and granted herein.
- (e) "Project" means the Project Site (as hereinafter defined), the Real Property Improvements (as hereinafter defined), and Personal Property.
- (f) "Project Owner" means Mercantile Block, LLC which holds legal title to the Project Site, Real Property Improvements (as hereinafter defined) or Personal Property, or any successor and/or assignee permitted hereunder.
- (f) "Project Site" means the land, as well as the improvements, located at 125-135 Washington Street and more specifically described as Assessor's Plat 25, Lot 170, in the Land Evidence Records for the City of Providence.

- Page _____
- (g) "Project Taxable Properties" means, collectively, the Project Site as proposed, the Real Property Improvements (as hereinafter defined), and the Personal Property, together constituting the Project.
- (h) "Real Property Improvements" means all structures, buildings, renovations and improvements currently proposed to be located at the Project Site. Any material additional improvements, excluding customary repairs and renovations, shall require an amendment to this ordinance, except as provided herein.
- (i) "Stabilized Assessment" means:
- (1) The Commercial/Office Phase and one-half of the land at the Project Site shall be the City of Providence tax assessment value as shown on Exhibit B attached hereto and incorporated by reference, being \$1,457,410 for the Commercial/Office Phase and \$437,360 for one-half the land at the Project Site.
 - (2) Personal Property shall be assessed annually against the Project Owner on an annual basis at the then current rate.
- (i) "Stabilized Tax Payments" means, with respect to the Commercial/Office Phase and one-half of the land at the Project Site, the amounts listed in the schedule attached hereto as Exhibit B.
- (j) "Stabilized Tax Rate" shall mean \$28.00 per \$1,000.00 of assessed valuation for the Commercial/Office Phase and \$26.99 per \$1,000 of one-half of assessed value of land at the Project Site and the then current rate against the annual assessed valuation for Personal Property.
- (k) "Termination Date" means June 30th of the year in which Stabilized Tax Payments based on the December 31, 2020 assessment date are to be paid in full.

Section 3. Tax Stabilization. That the City of Providence grants to the Project Owner for the Commercial/Office Phase and one-half of the land at the Project Site the Stabilized Assessment at the Stabilized Tax Rate in accordance with Exhibit B as attached for the period commencing with the December 31, 2009 assessment date through the December 31, 2020 assessment date. assessed on December 31, 2006.

Section 4. Term. The term of the tax stabilization shall be for a period commencing on the Commencement Date and terminating on the Termination Date, as more particularly described on Exhibit B hereof, unless earlier terminated as provided herein.

Section 5. As long as Project Owner owns or operates the Project Site, it will continue to make the Stabilized Tax Payment(s) as set forth in Exhibit B during the term of this tax stabilization agreement. Project Owner, its successors and assigns, agrees that this Project Site will be subject to taxation, without regard to tax stabilization, as of the Termination Date and thereafter. Project Owner also 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 agreement to stabilize taxes. 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 agreement 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, whether by Mercantile Block, LLC, or any subsequent transferee of such property, Mercantile Block, LLC, will be responsible to make payments in lieu of taxes to the City of Providence equal to the full amount of taxes during the entirety of the tax stabilization term as set forth in Exhibit B which would have been paid to the City of Providence if such prohibition against transfer to a tax-exempt entity had not been violated. In the event that Project Owner shall divide the Project Site or any portion thereof into residential and/or commercial condominiums, said residential and/or commercial condominiums, once sold by the Project Owner, shall no longer be covered under this ordinance and shall be subject to taxation without regard to any tax stabilization agreement (the remaining portion of the Project shall be prorated accordingly). Project Owner shall send written notice of any such sale or sales to the tax assessor, by certified mail, postage pre-paid, return receipt requested, identifying the unit sold, the date thereof, the sale price, and the buyer's name and current address.

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 Payments to the City of Providence as prescribed in the schedule attached in Exhibit B to the City of Providence, in lieu of all other real property taxes which would now or hereafter otherwise be levied upon the Commercial/Office Phase and one-half of the land at the project Site, and the City of Providence agrees to accept the Stabilized Tax Payments in lieu of such real property taxes on the Commercial/Office Phase.

- (b) Stabilized Tax Payments due the City of Providence, pursuant to the terms of this agreement, 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 and similarly subject to interest and late fee penalties if not timely made.
- (c) It is understood by the parties that Stabilized Tax Payments 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 Payments due and owing under this agreement shall constitute an obligation of the Project Owner, and the City of Providence shall be granted by the Project Owner a lien for the full amount of said payments over the tax stabilization period 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 agreement; and, said lien shall be in addition to the lien for taxes that are levied against the Apartment Phase of the Project annually.

Section 7. Satisfaction of Obligations. The City of Providence agrees that so long as the Stabilized Tax Payments are made by the Project Owner in accordance with the terms of this ordinance, the City of Providence shall, during the term of this agreement, 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 Commercial/Office Phase of the Project, 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 that contemplated in the Commercial/Office Phase of the Project.

Section 8. Minority and Local Contractors/Vendors. It shall be the goal and the Project Owner shall use its 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 shall use its best efforts to award 25% of the total dollar value of construction to Minority Business Enterprises ("MBEs") and Women Business Enterprises ("WBEs"), as defined in 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 will use its 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 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. Further, Project Owner will include in all subcontracts an affirmative action and community hiring program in which the employer commits to notify Project Owner of any job openings at the Project Site and a willingness to interview candidates identified through said program. 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, Project Owner agrees to provide training and/or apprenticeships for City of Providence residents hired on the Project. Such training and/or apprenticeship program shall be submitted in writing to the Director of the Department of Planning and Development, City of Providence, for his or her written approval, as a condition precedent to any tax stabilization as envisioned under this ordinance, which may include an apprenticeship created under Section 28-45-1, et seq., of the General Laws of Rhode Island, as amended.

Section 10. Support for Affordable Housing. (a) Project Owner and all successors and assigns shall use the Apartment Phase of the Project solely for affordable housing during the term of the tax stabilization period through the Termination Date.

Section 11. Purpose. The City of Providence has entered into this tax treaty to provide residential, retail and commercial units in the City of Providence and to increase its tax base as a result of such construction. This treaty shall be in effect during its term as long as the property is utilized primarily for the Project and failure to use the Project Site primarily for such purposes renders the treaty null and void. This ordinance does not extend to any building or buildings used as a "dormitory" or an "apartment dormitory." The use of any building or portion of a building for "dormitory" or "apartment dormitory" purposes would render the treaty null and void. The treaty being rendered null and void for any reason would require the Project Owner to pay all taxes and fees as due and owing as if no treaty had been entered.

Section 12. Basis of Calculation. The schedule listed in Exhibit B is based, in part, upon information provided to the tax assessor of the City of Providence by Project Owner including, but not limited to, estimated construction costs. In the event that any of this information is inaccurate or proves to be materially erroneous, this treaty shall be modified to reflect the accurate information. This tax treaty is conditioned upon commencement of construction immediately upon passage. Failure to begin construction immediately upon passage renders the treaty null and void and shall subject the Project Owner liable for the real estate and tangible taxes that would have been assessed against such property as if no treaty had been entered.

Section 13. Back Taxes. This treaty is conditioned upon Project Owner at all times owing no back taxes to the City of Providence and remaining current on all payments due under this tax treaty. Failure to make timely payments will render this treaty null and void.

Section 14. Reporting and Monitoring. Project Owner shall, not less than sixty (60) days after the end of each fiscal year of the Project Owner, submit to the Director, Department of Planning and Development of the City of Providence, 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 director may require additional information to demonstrate compliance.

Section 15. Notices. All notices, certificates, requests, demands, consents, approvals, and other communications which may or are required to be served or given hereunder (for the purposes of this section, collectively called "Notices") shall be in writing and shall be sent by registered or certified mail, postage pre-paid, return receipt requested and received overnight delivery by a recognized public or private carrier, or by facsimile, in either case as evidenced by

a receipt or other evidence of delivery showing the date, time and, for facsimile, telephone number or receipt and addressed to the party to receive such Notice as identified below:

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

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

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

Clerk, City of Providence
 City Hall
 25 Dorrance Street
 Providence, RI 02903

If to: Mercantile Block, LLC
 c/o AS220
 115 Empire Street
 Providence, RI 02903

Copy to: Lucie Searle
 Development Manager
 c/o AS220
 115 Empire Street
 Providence, RI 02903

Section 16. Penalties and Petition for Relief. In the event that Project Owner does not substantially 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, City of Providence, may provide written notice, mailed, postage-prepaid, to Project Owner at its/his/her last known address, setting forth the nature of such non-compliance and the date upon which the tax stabilization agreement shall be rendered null and void because of such 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 there had been no tax agreement, 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. 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, City of Providence. At the hearing Project

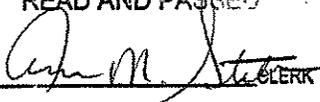
Owner shall have an opportunity to present evidence of compliance and/or request relief. In the event that the City Council of the City of Providence, does not act after a hearing of Project Owner prior to the Early Termination Date, the determination of the Director, Department of Planning and Development, City of Providence, shall be conclusive and Project Owner shall immediately make payment of the Full Tax to the City of Providence.

Section 17. Expiration Dates. That in accordance with the laws of the State of Rhode Island and the Code of Ordinances of the City of Providence, the City Council of the City of Providence hereby approves the Project Owner's application for tax stabilization as set forth as Exhibit A and authorizes said tax stabilization as provided in this ordinance in accordance with it and with the schedule of payments set forth in Exhibit B.

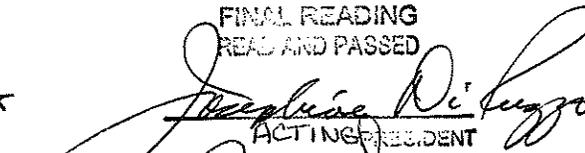
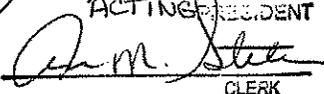
Section 18. Applicable Law. This agreement shall be construed under the laws of the State of Rhode Island.

Section 19. Effective Date. This ordinance shall take effect upon its passage.

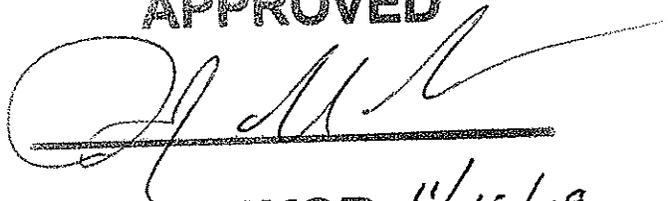
IN CITY COUNCIL
OCT 15 2009
FIRST READING
READ AND PASSED


CLERK

IN CITY
COUNCIL
NOV 5 2009
FINAL READING
READ AND PASSED


ACTING PRESIDENT

CLERK

APPROVED


MAYOR 11/16/09

APPLICATION REQUESTING

EXHIBIT A

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 (COM/IND)
- \$225.00 FOR PERMIT FROM \$251 - \$750,000
- \$300.00 FOR PERMIT OVER - \$751,000
- \$200.00 FOR COMPUTER / TELEPHONE
- .001% OF EST. CONSTRUCTION COSTS (RESIDENTIAL.)

DATE 12/16/08

1. NAME & ADDRESS OF APPLICANT
(IF CORPORATION/PARTNERSHIP, GIVE NAME & TITLE OF CEO FILING APPLICATION).
 Mercantile Block Limited Partnership
 115 Empire St., Prov. RI 02903
 Lucie Searle, Development Manager.
2. IF APPLICANT IS LESSEE, GIVE NAME AND ADDRESS OF OWNER AND SPECIFIC TERMS OF LEASE
 not applicable
3. LOCATION OF PROPERTY
 125-135 Washington Street
4. ASSESSOR'S PLAT AND LOT
 Plat 25, Lot 170
5. DATE & PURCHASE PRICE OF EXISTING PROPERTY
 Date? ; \$1,635,000
6. COST & PROJECTED DATE OF ADDITIONAL PROPERTY TO BE PURCHASED FOR THIS EXPANSION PROJECT
 not applicable

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.)

Gut rehab / historic restoration,
 4 floors plus partial basement,
 approx. 45,000 total sf,
 2 commercial floors, 22 studio
 apartments. Total est. cost
 \$11,330,520

8. DESCRIBE EXISTING FACILITY:

OF STORIES
 # OF SQ. FT./ FLOOR
 AGE OF BUILDING(S)
 TYPE OF CONSTRUCTION
 INTERIOR CONDITION
 EXTERIOR CONDITION

4 plus partial basement
 10,800 sf
 built 1901

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
 d. expand building
 X e. remodel facility
 f. construct new building (s)
 g. computer/telephone
 h. other

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

YES X NO

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

Upwards of 50 new jobs are expected in the 20,000+ sf of commercial space

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 tenants will fit out their space. In apartments, ranges, ovens, and refrigerators will be provided; residents will provide other items.

13. CONSTRUCTION SHALL BEGIN ANTICIPATED THAT CONSTRUCTION SHALL BE COMPLETED

March 2009
November 2010

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

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

HAS HEARING BEEN SCHEDULED? _____

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).

Ruce J. Pearle
WITNESS

12/16/08
DATE

Umberto Crenca
SIGNATURE OF APPLICANT

115 Empire St., Prov. RI 02903
ADDRESS

12/16/08
DATE

RECEIVED BY CITY ASSESSOR
PROVIDENCE RHODE ISLAND

DATE

APPLICATION FEE FORWARDED TO COLLECTOR

AMOUNT

REVIEWED BY ASSESSOR WITH THE FOLLOWING RECOMMENDATIONS

SIGNATURE/DATE/ASSESSOR

*** *** ***

RECEIVED BY CITY COLLECTOR

APPLICANT OWES FOLLOWING TAXES

YEAR

AMOUNT

TAXES ARE PAID IN FULL

ARRANGEMENTS HAVE BEEN MADE

YES

NO

SIGNATURE/DATE/COLLECTOR

*** *** ***

RECEIVED BY BUILDING INSPECTOR

DATE

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

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

YES

NO

SIGNATURE/DATE/BUILDING INSPECTOR

REVIEW BY THE ASSESSOR OF THE

APPLICATION FOR TAX STABILIZATION FOR COMMERCIAL/INDUSTRIAL & RESIDENTIAL PROPERTY

Mercantile Block Associates, LLC
c/o Hallmark Properties
40 Fairlawn Street
Providence, RI 02903

July 31, 2008

State of Rhode Island and
Providence Plantations
Office of the Secretary of State
Corporations Division
148 W. River Street
Providence, RI 02904-2615

Re: Consent of Name

Dear Sir or Madam:

Please be advised that Mercantile Block Associates, LLC hereby consents to the formation of Mercantile Block, LLC and Mercantile Block Manager, Inc.

Sincerely,

Mercantile Block Associates, LLC

By: *Matthew T. Mancillo III*

Name: Matthew T. Mancillo III

Title: V.P. + Secretary

13. CONSTRUCTION SHALL BEGIN ANTICIPATED THAT CONSTRUCTION SHALL BE COMPLETED
January 2009
August 2010

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

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

HAS HEARING BEEN SCHEDULED?

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).

Russell J. Rank
SIGNATURE OF APPLICANT

115 Empire St., Prov. RI 02903

ADDRESS

Barbara J. ...
WITNESS

DATE

6/17/08

DATE

6/17/08

RECEIVED BY CITY ASSESSOR PROVIDENCE RHODE ISLAND

6/17/08 DATE

APPLICATION FEE FORWARDED TO COLLECTOR

\$ 300

AMOUNT

REVIEWED BY ASSESSOR WITH THE FOLLOWING RECOMMENDATIONS

Part important eligible for Stabilization

SIGNATURE/DATE/ASSESSOR

John Gelato 7/13/09

RECEIVED BY CITY COLLECTOR

APPLICANT OWES FOLLOWING TAXES

YEAR

AMOUNT

TAXES ARE PAID IN FULL

ARRANGEMENTS HAVE BEEN MADE

YES

NO

SIGNATURE/DATE/COLLECTOR

RECEIVED BY BUILDING INSPECTOR DATE

7/13/09 permit #129

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

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

YES

NO

SIGNATURE/DATE/BUILDING INSPECTOR

Kenny Anderson

REVIEW BY THE ASSESSOR OF THE

APPLICATION FOR TAX STABILIZATION FOR COMMERCIAL/INDUSTRIAL & RESIDENTIAL PROPERTY

AS220

115 Empire Street, Providence, RI 02903 Tel. (401)490-2119 Fax (401)454-7445
www.as220.org

December 22, 2008

TO: Mr. John J. Gelati, Providence Tax Assessor

From: Lucie G. Searle, AS220

RE: TAX STABILIZATION APPLICATION FOR MERCANTILE
BLOCK: 125 – 135 Washington Street, Providence, RI 02903
Plat 25/Lot 170

Enclosed please find our application for tax stabilization for the Mercantile Block along with the following support information:

1. City Tax Stabilization Application and \$300 application Fee.
2. AS220 at the Mercantile: Request for Partial Tax Stabilization: Narrative and Spread Sheet
3. Evidence of Ownership: 3 Quitclaim Deeds
4. Evidence of Creation of Ownership Entities: Mercantile Block, LLC and Mercantile Block Manager, Inc.
5. Summary of Financing Sources and Status
6. Construction Drawings

Please do not hesitate to let us know if other information is needed. We look forward to hearing from you with regard to "next steps".

Thank you.

AS220

115 Empire Street, Providence, RI 02903 Tel. (401)490-2119 Fax (401)454-7445

www.as220.org

REQUEST FOR PARTIAL TAX STABILIZATION

AS220 at the Mercantile Block Plat 25; Lot 170

Address: 125 - 135 Washington Street, Providence, RI 02903

The Mercantile Block is a 4 story building for which AS220 is requesting tax stabilization for Floors 1 & 2, the two commercial floors.

Floors 3 & 4 will be dedicated to affordable housing and are subject to Title 44 which provides some property tax relief for affordable housing; hence stabilization is not being requested for these 2 floors.

Background and Project Overview

Founded in 1985, AS220 is a non profit arts organization based in downtown Providence. Our name comes from our first location where we rented space at 220 Weybosset Street above the Providence Performing Arts Center (PPAC). The "AS" stands for Artists Space.

Our mission is to support artists by maintaining residential and work studios, galleries, and performance space. Exhibitions and performances are unjuried and open to the public.

In 1993, AS220 bought a very blighted and nearly abandoned building at 95-121 Empire Street and converted it into a lively mixed use arts complex. Programmed 7 days a week, this building contains affordable artists live and work studios, a performance stage, galleries, youth programming, and two commercial tenants. Perishable Theatre, an arts anchor, rents one third of the complex. 100% occupied since 1993, this conversion has had an immeasurable impact on Empire Street and is nationally recognized as a powerful catalyst in the revitalization of downtown Providence. Today our Empire Street complex is an annual destination for upwards of 50,000 people.

In 2005 AS220 acquired the former Dreyfus Hotel on Washington Street. Vacant for several years, the building had been used as a dorm by Johnson & Wales for 25 years. Within 18 months, AS220 completed a major historic restoration/adaptive re-use of this stunning building, converting it into affordable artists' live and work studios. The exceptionally handsome first floor bar and dining room was carefully restored and is leased to a local restaurateur. This award winning restoration project has brought tremendous stability to Mathewson Street which is the cross town line between the Convention Center and PPAC.

At both Empire Street and the Dreyfus, AS220 receives some property tax relief on the affordable residential portions of the buildings; and pays property taxes on the income producing non residential components. AS220 is also a contributing member of the Downtown Improvement District (DID), being assessed a fee based on our property valuation.

AS220 AT THE MERCANTILE BLOCK

AS220 has purchased the Mercantile Block, a 50,000 gross sf building which abuts the Dreyfus. With the exception of two first floor tenants, almost the entire building has been dark and vacant for several years. Built in 1901, our plans call for a historic restoration and a vibrant mix of uses in this turn-of-the century building.

Uses:

Floor One:

- Current commercial tenants, Clark the Locksmith and Wheels Bar, will stay.
- Three new tenants will be added:
 - ✓ AS220 Labs, a cutting edge fabrication lab which is being developed by AS220 in partnership with MIT, RISD, Brown, and Johnson & Wales;
 - ✓ AS220 Print Shop;
 - ✓ Affordable food and beverage venue

Floor Two: 11 Artists work studios, retail and non-profit office space.

Floors Three and Four: 22 affordable artists' live studios

Special Note: This project will provide entrances on Martha Street as well as Washington Street, greatly enhancing safety and quality of life by providing animation and vitality to what is now regarded as a "back alley".

Estimated Project Cost: \$13,000,000

Status: Almost all of the project funding has been committed. Construction drawings are now being completed and the project will go out for bid in January, 2009. Project completion and occupancy: December, 2010.

TAX STABILIZATION REQUEST

In today's challenging economy, it is particularly difficult to achieve economic viability in downtown real estate development projects. For AS220, this is compounded by the fact that much of our space is mission driven and therefore needs to be affordable for artists; for other non profit users of our spaces; and also be attractive to small, local businesses. Tax stabilization for AS220 at the Mercantile is an absolutely critical component to making this project work. Below is a summary of our request, followed by an overview of some of the more compelling Community Benefits of this project.

COMMUNITY BENEFITS: AS220 AT THE MERCANTILE BLOCK

JOBS: Approximately 250 construction jobs. 50 new permanent jobs projected upon completion.

HOUSING: 22 units of new housing downtown, insuring affordable opportunities for artists to stay in the downtown mix.

NEIGHBORHOOD RETAIL: All retail/commercial tenants are locally based one-of-a-kind small businesses.

INCUBATOR FOR CUTTING EDGE TECHNOLOGY: AS220 Labs, a pioneering "fabrication lab" being undertaken in partnership with MIT, RISD, Johnson & Wales and Brown University, will be headquartered at the Mercantile.

WASHINGTON STREET REVITALIZATION: Mercantile Block represents the last sizable Washington Street building that remains to be restored. Its completion will immeasurably strengthen Washington Street, one of the three major downtown streets.

MARTHA STREET REVITALIZATION: Mercantile Block project will re-create a system of entrances and storefronts on Martha Street, bringing stability and vitality to what is now regarded as an unsavory back alley. Creation of a pedestrian way on Martha Street will enhance area security and property values.

HISTORIC PRESERVATION/SMART DEVELOPMENT: Mercantile Block project re-uses an existing building, avoids wasteful demolition, and makes use of existing utilities and infrastructure.

DEMONSTRATION RE-CYCLING COLLABORATION: Mercantile Block project will establish a co-operative waste pick up and re-cycling center that is intended to serve 4 buildings: the Cosmopolitan, the Dreyfus, the Civic View Inn and the Mercantile.

DOWNTOWN CATALYST: As has been the case with other AS220 projects, the Mercantile Block restoration is expected to help jump start other initiatives, such as the hotel proposed for the abutting site.

REINFORCES PROVIDENCE AS A DESTINATION: The lively mix of artists' residences and design studios, neighborhood retail, innovative youth programming and incubator space for the knowledge based economy reinforces Providence as a cultural and creative destination as well as a compelling place to live, work and visit.

December 12, 2008

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
October 09, 2009	025	0170	0000	125 Washington St	72,959	1

ASSESSED Mercantile Block Association 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
09	RE	\$59,851.24	\$0.00	\$0.00	\$14,962.81	\$44,888.43	\$0.00	\$44,888.43	Mercantile Block Assc
		<u>\$59,851.24</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$14,962.81</u>	<u>\$44,888.43</u>	<u>\$0.00</u>	<u>\$44,888.43</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:

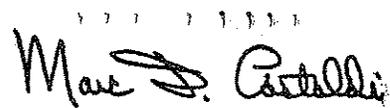
- Please be aware that unpaid taxes may be subject to tax sale.
- Please contact the Water Supply Board at 521-6300.
- Please contact the Narragansett Bay Commission at 461-8828
- Property within designated City Plat Maps known as 19, 20, 24, 25, & 26 (Downtown Providence District Management Authority) or 10,12,13 (Thayer Street District Management Authority) may be subject to an additional assessment. 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.

Important Notice: Upcoming tax bill will be assessed as of December 31st in seller's name. It is the responsibility of the buyer/new homeowner to request a copy of the bill from the Tax Collector's office.

MAILED TO: city of providence



MARC CASTALDI
 DEPUTY TAX COLLECTOR

MARIA MANSOLILLO
 ASSISTANT COLLECTOR

Mercantile Block Limited Partnership

Mercantile Block, LLC
 Assumptions:
 Plat 25 Lot 170
 40 Fountain Street
 Stabilized Portion Office and Restaurant ONLY
 Assessment Value:

Use	Building SQ.FT.	AS ESTIMATED ASSESSMENT ESTIMATE ATTRIBUTABLE TO LAND	ASSESSMENT ESTIMATE ATTRIBUTABLE TO BUILDINGS	TOTAL ASSESSMENT AS ESTIMATED LAND AND BUILDING
Office/Restaurant	21,620	\$ 437,360	\$ 1,457,410	\$ 1,894,770
Total	21,620	\$ 437,360	\$ 1,457,410	\$ 1,894,770

STABILIZATION YEAR #	DATE OF ASSESSMENT	ALLOCATED LAND ASSESSMENT	LAND TAX	ASSESSMENT ESTIMATE OFFICE/RESTAURANT	TAX RATE PER \$1000	UNADJUSTED TAX CONCLUSION	% TAXABLE	STABILIZATION ASSESSMENT TAXABLE	STABILIZATION ASSESSMENT ABATED	STABILIZATION TAX AMOUNT	EXEMPTED STABILIZATION TAX AMOUNT	TOTAL STABILIZED TAX AMOUNT (LAND & BUILDING)
1	12/31/2011	\$437,360	\$11,804	\$1,457,410	28.00	\$40,807	10%	\$145,741	\$1,311,669	\$4,081	\$36,727	\$15,885
2	12/31/2012	\$437,360	\$11,804	\$1,457,410	28.00	\$40,807	20%	\$291,482	\$1,165,928	\$8,161	\$32,646	\$19,966
3	12/31/2013	\$437,360	\$11,804	\$1,457,410	28.00	\$40,807	30%	\$437,223	\$1,020,187	\$12,242	\$28,565	\$24,047
4	12/31/2014	\$437,360	\$11,804	\$1,457,410	28.00	\$40,807	40%	\$582,964	\$874,446	\$16,323	\$24,484	\$28,127
5	12/31/2015	\$437,360	\$11,804	\$1,457,410	28.00	\$40,807	50%	\$728,705	\$728,705	\$20,404	\$20,404	\$32,208
6	12/31/2016	\$437,360	\$11,804	\$1,457,410	28.00	\$40,807	60%	\$874,446	\$582,964	\$24,484	\$16,323	\$36,289
7	12/31/2017	\$437,360	\$11,804	\$1,457,410	28.00	\$40,807	70%	\$1,020,187	\$437,223	\$28,565	\$12,242	\$40,370
8	12/31/2018	\$437,360	\$11,804	\$1,457,410	28.00	\$40,807	80%	\$1,165,928	\$291,482	\$32,646	\$8,161	\$44,450
9	12/31/2019	\$437,360	\$11,804	\$1,457,410	28.00	\$40,807	90%	\$1,311,669	\$145,741	\$36,727	\$4,081	\$48,531
10	12/31/2020	\$437,360	\$11,804	\$1,457,410	28.00	\$40,807	100%	\$1,457,410	\$0	\$40,807	\$0	\$52,612
TOTALS			\$118,043			\$408,075		\$8,015,755	\$6,558,345	\$224,441	\$183,634	\$342,485