

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 2003-6

No. 59

AN ORDINANCE

**TO ADOPT THE EAGLE SQUARE TAX
INCREMENT PROJECT PLAN**

Approved February 14, 2003

Be it ordained by the City of Providence:

WHEREAS, the Providence City Council has designated the area within the City described as "Redevelopment Area 1," adopted May 23, 1996, as amended, as a redevelopment area pursuant to Chapters 31-33 of Title 45 of the General Laws of Rhode Island, The Redevelopment Act of 1956 (the "Redevelopment Act"); and

WHEREAS, it is the purpose and intent of the City Council to facilitate redevelopment of Redevelopment Area 1 and other redevelopment areas within the City; and

WHEREAS, the Eagle Square Tax Increment Area, as described in the Eagle Square Tax Increment Project Plan (the "Project Plan"), is within the geographic boundaries of Redevelopment Area 1; and

WHEREAS, the City Council finds that the commercial and residential development, rehabilitation and revitalization of the Eagle Square Tax Increment Area, and initiatives promoting development of affordable housing, job creation, and improvement of municipal infrastructure, as described in the Project Plan, (collectively, the "Project") are in the public interest; and

WHEREAS, the City Council finds that the use of tax increment financing pursuant to Chapter 33.2 of Title 45 of the General Laws of Rhode Island (the "Tax Increment Financing Act") to assist in the financing of the commercial and residential development, rehabilitation and revitalization of the Eagle Square Tax Increment Area, and to assist in the development of affordable housing, job creation and improvement of municipal infrastructure, as described in the Project Plan, are in the public interest; and

WHEREAS, the City Council desires to provide for such tax increment financing in accordance with the Redevelopment Act and the Tax Increment Financing Act; and

WHEREAS, the Tax Increment Financing Act requires as conditions precedent to such tax increment financing that the City Council adopt a redevelopment plan and a project plan, including the designation of a tax increment area, project area, and the calculation of the tax increment to be derived from taxes levied on real and personal property situated or otherwise assignable for purposes of property taxation in the tax increment area; and

WHEREAS, the City Council is required by the Redevelopment Act to make certain findings, determinations and declarations in connection with the adoption of a project plan; and

NOW THEREFORE, the City Council of the City of Providence hereby makes the following findings, determinations and declarations with regard to the Project Plan required by Sections 45-34-13 – 45-32-18, Section 45-32-20 and Section 45-33.2-4 of the Rhode Island General Laws:

No.

CHAPTER
AN ORDINANCE

AUG 1 2002
AUG 1 2002
FIRST READING
REFERRED TO COMMITTEE ON
FINANCE

THE COMMITTEE ON

Finance
Recomm. - P. Hearing to be scheduled
Ann M. Stetson
9-26-02 CLERK
10-15-02. P. Hrg held
12-12-02. Continued

THE COMMITTEE ON
FINANCE

Approves Passage of
The Within Ordinance

Ann M. Stetson
12-18-02

1. That the facilities, programs and other assistance are needed and that the financing of that portion of the Project and the other initiatives in accordance with the Project Plan are in the public interest;

2. With respect to that portion of the Project Plan providing land or other assistance for housing for persons or families of low income, that there is not within the City an adequate supply of low rent housing for persons or families of low income generally, or for veterans, or for persons who are elderly or disabled, as the case may be, available for rents they can afford to pay, that the rents which those persons or families can afford to pay would not warrant private enterprise providing housing for them;

3. That the Project Area, as defined in the Project Plan, is located in a "blighted and substandard area" as that term is defined in § 45-31-8(3), or that the Project is needed to arrest blight or decay in the city or town and to prevent the area from becoming a blighted and substandard area;

4. That the Project Area, as defined in the Project Plan, would not by private enterprise alone, and without either governmental subsidy or the exercise of governmental powers, be developed or revitalized in a manner so as to prevent, arrest, or alleviate the spread of blight or decay;

5. That the Project Plan will afford a maximum opportunity to privately financed development or revitalization consistent with the sound needs of the city or town as a whole;

6. That the financing of that portion of the Project in accordance with the Project Plan is in the public interest; and

7. That the Project Plan is consistent with *Providence 2000 – The Comprehensive Plan* and is consistent with the approval of the Major Land Development Project for Eagle Square, as approved by the Providence City Plan Commission on November 2, 2001.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF PROVIDENCE:

Section 1. The City Council of the City of Providence hereby adopts the Project Plan attached hereto as Exhibit A as the "Eagle Square Tax Increment Project Plan" based upon its finding that with respect to the projects described in the Project Plan, the facilities, programs, financing, and other assistance described therein are needed and authorized pursuant to the Redevelopment Act and the Tax Increment Financing Act and the financing of such projects in accordance with the Tax Increment Financing Act and the Project Plan is in the public interest.

Section 2: The City is hereby authorized to and shall take all action necessary to undertake the projects described in the Project Plan including, without limitation, the pledge of tax increments for repayment of revenue bonds issued by the Rhode Island Industrial Facilities Corporation and other indebtedness, all as authorized pursuant to the Act.

Section 3. The City is hereby authorized to, and shall take all actions necessary to, ensure the payment of tax increment directly to a trustee for the benefit of any tax increment revenue bonds.

Section 4. The Urban Redevelopment Plans within the Project Area shall be amended, as needed, to be consistent with the Project Plan.

Section 5. All proceeds from the implementation of the Eagle Square Tax Increment Project Plan, in excess of the amount due to the City in property taxes and the amount necessary to pay down the interest and principal of the tax increment financing loan, shall be transferred to the Providence Redevelopment Agency for eligible activities in the project area, subject to approval by the Ward Councilperson.

Section 6. The conditions and requirements of the City Plan Commission that were adopted along with the approval of the Major Land Development Project on November 2, 2001, as may be amended from time to time, shall continue to be enforced by the City Plan

IN CITY COUNCIL
JAN 16 2003

FIRST READING
READ AND PASSED, AS AMENDED

Michael R. Clement

IN CITY
COUNCIL
FEB 6 2003

FINAL READING
READ AND PASSED

Balbir Singh
PRESIDENT
Michael R. Clement
CLERK

APPROVED: FEBRUARY 14, 2003

[Signature]
MAYOR

Commission the Department of Planning and Development, and the Director of Inspection and Standards of the City of Providence.

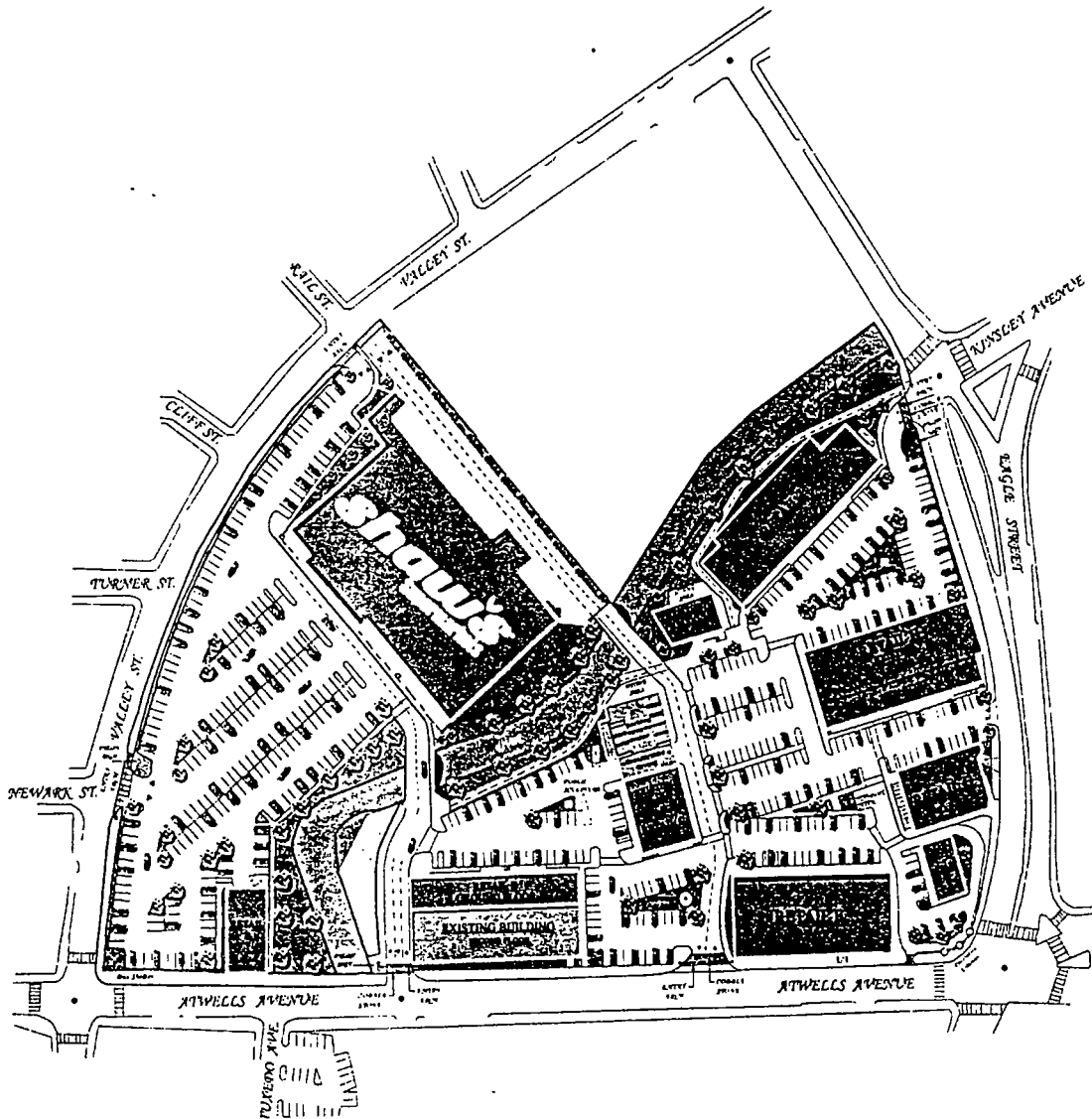
Section 7. This ordinance shall take effect immediately upon passage.

PRV1 #86290 v2



EAGLE SQUARE

A Historic Mixed-Use Development



Eagle Square Tax Increment Project Plan

Project Summary

Project Name	:	Eagle Square Tax Increment Financing (TIF) Bond Issue, Series 2002
Total Project Cost	:	\$5,000,000.00
Bond Issue	:	Federally Taxable Tax Increment Financing Bonds - \$4,445,000.00
Designated Issuer	:	Rhode Island Industrial Facilities Corporation (RIIFC)
Mortgage Insurance	:	Rhode Island Industrial Recreational Building Authority (RIIRBA)
Designated Person for Calculating Tax Increments	:	Tax Assessor, City of Providence

Eagle Square Tax Increment Financing (TIF) Bond Issue

I. Description of Boundaries

A. Redevelopment Area

The Redevelopment Area shall be that area within the City of Providence described as Redevelopment Area 1 as adopted May 23, 1996 and amended February 26, 1997, as a redevelopment area pursuant to Chapters 31 - 33 of Title 45 of the General Laws of Rhode Island, The Redevelopment Act of 1956 (the "Redevelopment Act") as described on Exhibit A.

B. Project Area

The Project Area shall be Redevelopment Area 1 as defined above and Redevelopment Areas, 2 and 4, as adopted as redevelopment areas May 23, 1996 and amended February 26, 1997, as a redevelopment area pursuant to Chapters 31 - 33 of Title 45 of the General Laws of Rhode Island, The Redevelopment Act of 1956 (the "Redevelopment Act") as described on Exhibit A.

C. Eagle Square Tax Increment Area

The Eagle Square Tax Increment Area is defined as Assessor's Plat 65, Lots 977, 978 and 979 and Plat 33, Lot 696. The Redevelopment Areas and Tax Increment Area are shown on the map entitled exhibit A.

II. Background

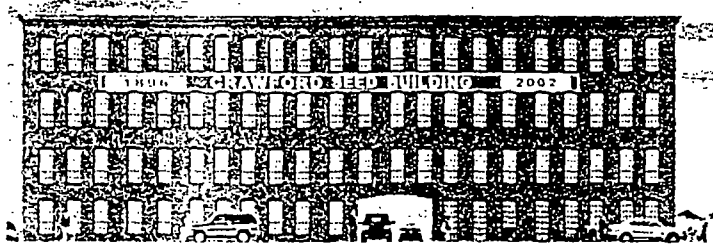
The Eagle Square Tax Increment Project will consist of public and private activities initiated to encourage investment to preserve and rehabilitate historic mill buildings in the Eagle Square area, greatly improve the quality of life in several neighborhoods and to achieve new employment, further artistic and cultural goals, and increased tax revenues and other public objectives as identified in the plan adopted by the City Plan Commission in October 2001.

The Providence Department of Planning and the City Plan Commission will request designation by the City as the responsible agency for the "Promenade Center Renewal Project Area" as a redevelopment area pursuant to Chapter 31-33 of Title 45 of Rhode Island, The Redevelopment Act of 1956.

A. Project Description

Blighted vacant buildings characterized the general project district and deteriorating structures and were primarily used for warehouse, industrial and manufacturing purposes. The Eagle Square mills had long since ceased to operate and this area was virtually abandoned. The buildings had mostly fallen into serious disrepair, there was significant environmental contamination and the entire area sits in a flood plain. The public infrastructure, the streets, sidewalks and amenities, is also generally deteriorated.

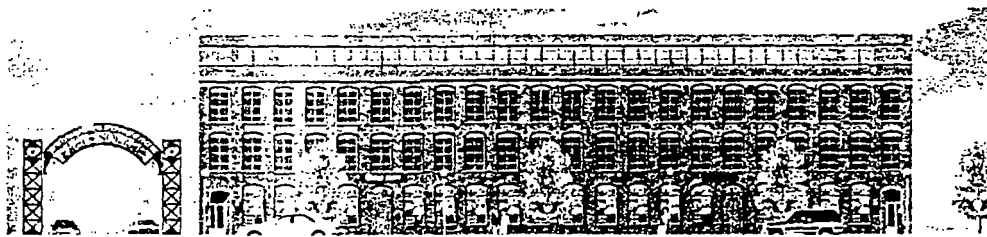
A total investment of \$35,920,000 will create a major multi-neighborhood shopping center anchored by a supermarket and pharmacy and a video store. Six new retail buildings will be built in a mill-style, using brick that matches the existing mill buildings, including the relocation of the existing Dunkin Donuts and the rebuilding of a new retail building in its place. Some of the retail stores will have access from Atwells Avenue for walking traffic and to preserve the streetscape. The billboards at the corner of Atwells Avenue and Eagle Street will be removed and new amenities will be added.



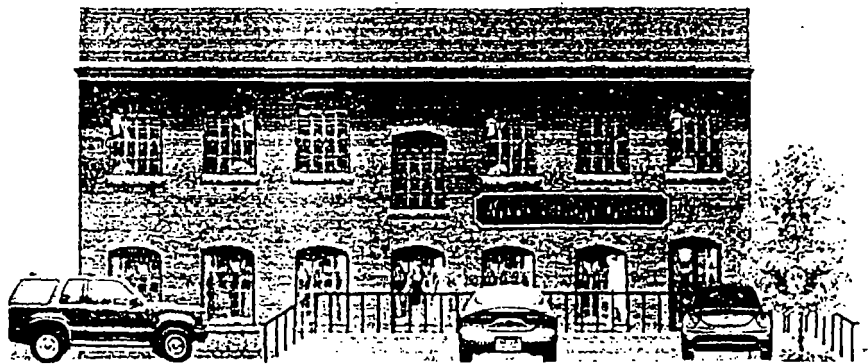
Extensive landscaping will be prevalent throughout the development, including a fountain, a decorative clock and decorative lighting. Several areas will also feature visual focal points in the form of outdoor sculptures designed by local artists and a bus shelter / waiting area similar to the one near RISD's Market Square will be constructed and artists will work with the neighborhood elementary school to design and create decorative tiles for the pillars.



When completed, Eagle Square will add between 500-600 new permanent jobs to the workforce. Over 350 construction jobs will be created during the development phase. In addition, the development will significantly improve the public infrastructure in the area.



The new plan preserves four (4) of the existing mill buildings, including the Uncas and Crawford Seed Buildings, the latter of which will have residential lofts on two of the upper floors. These will be living spaces but they will provide attractive and safe working spaces for Providence's burgeoning arts community. In addition, a major portion of the Flea Market Building and a small mill building overlooking the river will be reclaimed. The former building will house residential condominiums on the two upper floors and retail/restaurant on the first floor, respectively. The Woonasquatucket River will be cleaned and a 1200-foot bike and walking path alongside the river will be created.



This development will be a major catalyst for future growth in the area. In fact, because of the prospect of this development, discussions have already begun with nearby mills to explore what can be done to revitalize them. One of the problems with any development involved in the revitalization of a mill is parking. It was less significant of an issue when these buildings were built because most of the labor force was able to walk to work. Today, parking availability presents a serious dilemma. Most mill revitalization projects will create the necessity for more parking spaces than can be provided. The new Eagle Square plan has addressed this concern.

B. Project Elements

- Exterior rehabilitation and cleaning of the four buildings which will be preserved.
- Complete Window Replacement
- Roof Repairs and replacement
- Code Requirements as to elevators, stairwells and fire safety elements
- Preservation requirements as defined by the Plan Commission
- There is no acquisition / condemnation or disposition related to the TIF
- There are no street abandonments associated with the TIF

C. Related Investments in Project Area

- Eagle Square - a historic mixed use development. A \$36,000,000 shopping, office, loft, residential complex with 170,000 SF of retail space; 50,000 SF of commercial / office / studio space; and 40 loft-style residential condominiums. There will be parking for approximately 700 cars. The project is expected to be completed in March, 2003.
- The Woonasquatucket River will be cleaned throughout the area, and a 1,200 foot bike path will be built.
- This project has resulted in a few business relocations, including one business, a new retail store, which constructed a new building across the street from Eagle Square on Atwells Avenue.

D. Other Public Improvements

- A traffic signal will be added at the main entrance from Atwells Avenue and all of the existing signals in the area will be upgraded and reprogrammed for more efficient traffic flow.
- Sidewalks and crosswalks will be upgraded and added.
- All new lane striping and signage will be added.
- The decorative street lighting on Eagle Street will be repaired and added along Atwells Avenue.
- A decorative Transit Shelter at the Valley Street and Atwells Avenue intersection will greatly improve the aesthetic of this gateway intersection.

III. Description of the Financing

The project improvements, specific to the tax increment financing bonds, include the restoration and rehabilitation of the four existing mill buildings. The funds from the TIF (\$4,445,000) will be used for the costs incurred to complete this project as detailed below. (See Table A)

The tax increment area includes the Eagle Square development as shown in Figure B. The increase in current property taxes levied on this property, up to a total of \$700,000, will be pledged to the repayment of the tax increment bonds. (The base year for purposes of calculating the incremental property taxes was the 2003/2004 fiscal year.)

The excess of the annual property tax increment over annual debt service on the Eagle Square TIF Bonds will be retained by the City for use in the Redevelopment Area. The City of Providence will not pledge its general fund to the repayment of the bonds and will have no responsibility for their repayment other than the pledge of the tax increment revenues that will satisfy the bond debt service. However, the sponsorship is in process of securing through the Rhode Island Industrial Recreational Building Authority (RIIRBA) the guarantee of the mortgage debt service.

The tax increment area consists of the Eagle Square TIF District as shown in Figure B. The development in the tax increment area is projected to result in an increase in assessed value of more than \$16,252,100, without considering inflation. The base tax will be retained by the City and not pledged to the repayment of the tax increment bonds. The incremental annual property taxes projected will be available to pay debt service on the bonds, excluding increases in value that may result from inflation. A Direct Allocation, which is a percentage of the tax increment (10%), shall be directed to the City's General Fund out of the tax increment. The excess of the annual property tax increment will be used for specified projects in the Redevelopment Area.

The method of calculating the excess tax increment is as follows: the annual real property taxes paid to the City of Providence for the property in the tax increment area *minus* the Base Tax *minus* the debt service obligations on the Bonds *minus* the Direct Allocation obligation.

A detailed schedule of the tax increment and bond payments follows in Table C.

The balance of the construction financing and the permanent financing for the project (\$31,475,000) is being provided through conventional commercial financing and equity investment.

TABLE A SOURCES & USES OF FUNDS

Uses of Funds:

Description of the Work Locations	S/F
Building No. C – Crawford Seed Bldg.	
2 nd Floor	12,460
Building No. D – The Uncas Building	
2 nd Floor	12,606
3 rd Floor	12,606
4 th Floor	12,606
Interior Square Footage of Refurbished Space, plus Exterior facades & code compliance requirements	50,278

Cost Items:

Structural Steel & Misc. Metals	\$558,000
Elevator – New & Restorations	210,000
Masonry – CMU & Brick Veneer to Match Existing	309,000
Roofing – Membrane, Copings, Etc.	90,000
Decorative Accents, Etc.	92,000
Windows, Entrance Doors, Etc.	460,000
Painting & Exterior Cleaning	155,000
Carpentry	143,000
Doors and Hardware	89,000
Flooring – Lobby, Halls, Etc.	101,000
Interior Painting	137,000
Plumbing – including all underground, gas, sewer, water, etc.	300,000
Fire Sprinkler	276,000
Electric Service	290,000
HVAC – Heat and Ventilation	215,000
Miscellaneous	150,000
Soft Costs:	1,425,000

Financing & Underwriting Costs ¹	525,000	
Legal Fees ²	115,000	
Architectural Design	100,000	
Site Engineering	100,000	
Structural Engineering	120,000	
Utility Connections	60,000	
Appraisal	9,000	
Leasing Commissions	25,000	
Testing, Inspections	25,000	
Interim Loan Debt Service	150,000	
Letter of Credit Fee (1.25%)	56,000	
Permit Expediting	25,000	
Mechanical Engineering	70,000	
Real Estate Taxes (2 nd Qtr)	45,000	
TOTAL USES:		\$5,000,000

Sources of Funds:

Equity Investment:	\$ 555,000
Federal Taxable TIF	4,445,000
TOTAL SOURCES:	\$ 5,000,000

¹ RIIFC Administration Fee	\$ 35,000	² Bond Counsel	\$ 45,000
Underwriter's Fee	55,000	Interim Lender's Counsel	10,000
Printing & Engraving	15,000	Borrower's Counsel	10,000
Accounting Fees	10,000	TIF Counsel	20,000
Debt Service Reserve Fund (DSRF)	388,000	Authority Counsel	15,000
Bond Rating Fee	7,000	Underwriter's Counsel	15,000
Title & Trustee Fees	15,000		
	\$ 525,000		\$ 115,000

TABLE B PROJECTION OF TAX INCREMENTS

Total New Investment (Identified)

<u>Year</u>	<u>Project</u>	<u>Investment</u>
2002-2003	Retail & Commercial Space	\$27,300,000
2002-2003	Eagle Square Office/Professional and Loft Space	\$ 5,000,000
Summer 2002	Jewelry Store on Atwells	\$ 150,000
2003-2004	Eagle Square Residences	\$ 3,620,000

A. New Assessed Values:

In addition to the new revenues resulting from the identified private investment projects listed above, new and higher assessments will result from the public improvements undertaken as part of this TIF Project. The improved environmental conditions, resulting from roadway, sidewalk, lighting and landscape improvements will enhance property values and assessments in the entire area. The increased property values will reflect the increased market value for this presently underutilized property. By redevelopment of this project area into a desirable location for retail, commercial and residential uses, the effected properties will generate greater revenues that will justify the higher assessments.

B. Incremental Tax Value:

2002/03	Completion of retail, office and loft space
2003/04	Completion of residential condominiums

C. Assumptions:

- Federally Taxable TIF Bonds will be issued at a fixed rate of 6% on \$990,000, amortizing over ten (10) years, and at a fixed rate of 7.25% on \$3,455,000, amortizing over twenty-five (25) years.
- The City of Providence will dedicate the Incremental Tax Revenue (Column 6) for principal and interest payments as necessary for the retirement of the bonds. Only the Incremental Tax Revenue is available for bond payments. The bonds are not issued with the moral or financial obligation of the City.
- A Direct Allocation, which is a percentage of the tax increment (10%) will be paid to the City's General Fund before the TIF Special District Funds are available.
- Excess Tax Revenue to City (Column 10) can be used either for accelerated repayment of the outstanding principal balance of the bonds or for future phases of the Project as described below.

D. Future Phases

The future phases of the Project shall be funded from excess tax revenue (Column 10) from the TIF District Special Fund. This excess tax revenue shall be dedicated to improvements to municipal infrastructure, development of affordable housing, and economic development initiatives that create jobs and foster industrial development. The Executive Director of the Providence Redevelopment Agency (PRA) shall administer this Fund. The PRA shall approve all disbursements of the excess tax revenue. All eligible projects shall be consistent with Redevelopment Plans adopted by the City Council. Ten percent of the revenue shall be dedicated to infrastructure improvements in Redevelopment Area 1. Forty percent of the revenue shall be dedicated to the development of affordable housing, as defined by the U.S. Department of Housing and Urban Development. Fifty percent of the revenue shall be dedicated to economic development initiatives that create jobs and foster industrial development. The PRA shall give first priority for eligible projects that improve properties in the Industrial and Commercial Buildings District, as defined by City of Providence Ordinances 2002-7 and 2002-23 and which is depicted on the map entitled Exhibit A.

TABLE C TAX INCREMENT CALCULATIONS

1	2	3	4	5	6	7	8	9	10
<u>Year Ended 6/30</u>	<u>Base Assessment</u>	<u>Assessed Value of TIF District</u>	<u>Incremental Assessed Value¹</u>	<u>Tax Rate/\$1,000²</u>	<u>Incremental Tax Revenue³</u>	<u>Annual Debt Service Payment⁴</u>	<u>Base Tax Revenue to City</u>	<u>Deductible Allocation⁶</u>	<u>Excess Incremental Tax Revenue to TIF District Special Fund</u>
2002/2003	\$4,730,000	--	--	\$35.94	--	--	\$169,996		
2003/2004	4,730,000	\$20,982,100	\$16,252,100	37.02	\$601,653	\$406,016	175,105	\$60,165	\$135,472
2004/2005	4,730,000	20,982,100	16,252,100	38.13	619,693	405,915	180,355	61,969	151,809
2005/2006	4,730,000	20,982,100	16,252,100	39.27	638,220	405,478	185,747	63,822	168,920
2006/2007	4,730,000	20,982,100	16,252,100	40.45	657,397	404,703	191,329	65,739	186,954
2007/2008	4,730,000	20,982,100	16,252,100	41.66	677,062	403,591	197,052	67,706	205,765
2008/2009	4,730,000	20,982,100	16,252,100	42.91	697,378	402,141	202,964	69,737	225,499
2009/2010	4,730,000	20,982,100	16,252,100	42.91	697,378	400,353	202,964	69,737	227,287
2010/2011	4,730,000	20,982,100	16,252,100	42.91	697,378	403,191	202,964	69,737	224,449
2011/2012	4,730,000	20,982,100	16,252,100	42.91	697,378	400,391	202,964	69,737	227,249
2012/2013	4,730,000	20,982,100	16,252,100	42.91	697,378	397,253	202,964	69,737	230,387
2013/2014	4,730,000	20,982,100	16,252,100	42.91	697,378	398,741	202,964	69,737	228,899
2014/2015	4,730,000	20,982,100	16,252,100	42.91	697,378	397,866	202,964	69,737	229,774
2015/2016	4,730,000	20,982,100	16,252,100	42.91	697,378	396,191	202,964	69,737	231,449
2016/2017	4,730,000	20,982,100	16,252,100	42.91	697,378	393,716	202,964	69,737	233,924
2017/2018	4,730,000	20,982,100	16,252,100	42.91	697,378	395,403	202,964	69,737	232,237
2018/2019	4,730,000	20,982,100	16,252,100	42.91	697,378	390,928	202,964	69,737	236,712
2019/2020	4,730,000	20,982,100	16,252,100	42.91	697,378	390,616	202,964	69,737	237,024
2020/2021	4,730,000	20,982,100	16,252,100	42.91	697,378	389,103	202,964	69,737	238,537
2021/2022	4,730,000	20,982,100	16,252,100	42.91	697,378	386,391	202,964	69,737	241,249
2022/2023	4,730,000	20,982,100	16,252,100	42.91	697,378	387,441	202,964	69,737	240,199
2024/2025	4,730,000	20,982,100	16,252,100	42.91	697,378	381,928	202,964	69,737	245,712
2025/2026	4,730,000	20,982,100	16,252,100	42.91	697,378	380,178	202,964	69,737	247,462
2026/2027	4,730,000	20,982,100	16,252,100	42.91	697,378	381,791	202,964	69,737	245,849
2027/2028	4,730,000	20,982,100	16,252,100	42.91	697,378	376,441	202,964	69,737	251,199
2028/2029	4,730,000	20,982,100	16,252,100	42.91	697,378	-13,772 ⁵	202,964	69,737	641,413

¹No consideration has been given to an assessment change in revaluation years.

²Tax Rate is assumed to increase 3% per year over previous year for seven (7) years and then remain flat in lieu of unknown future assessment change.

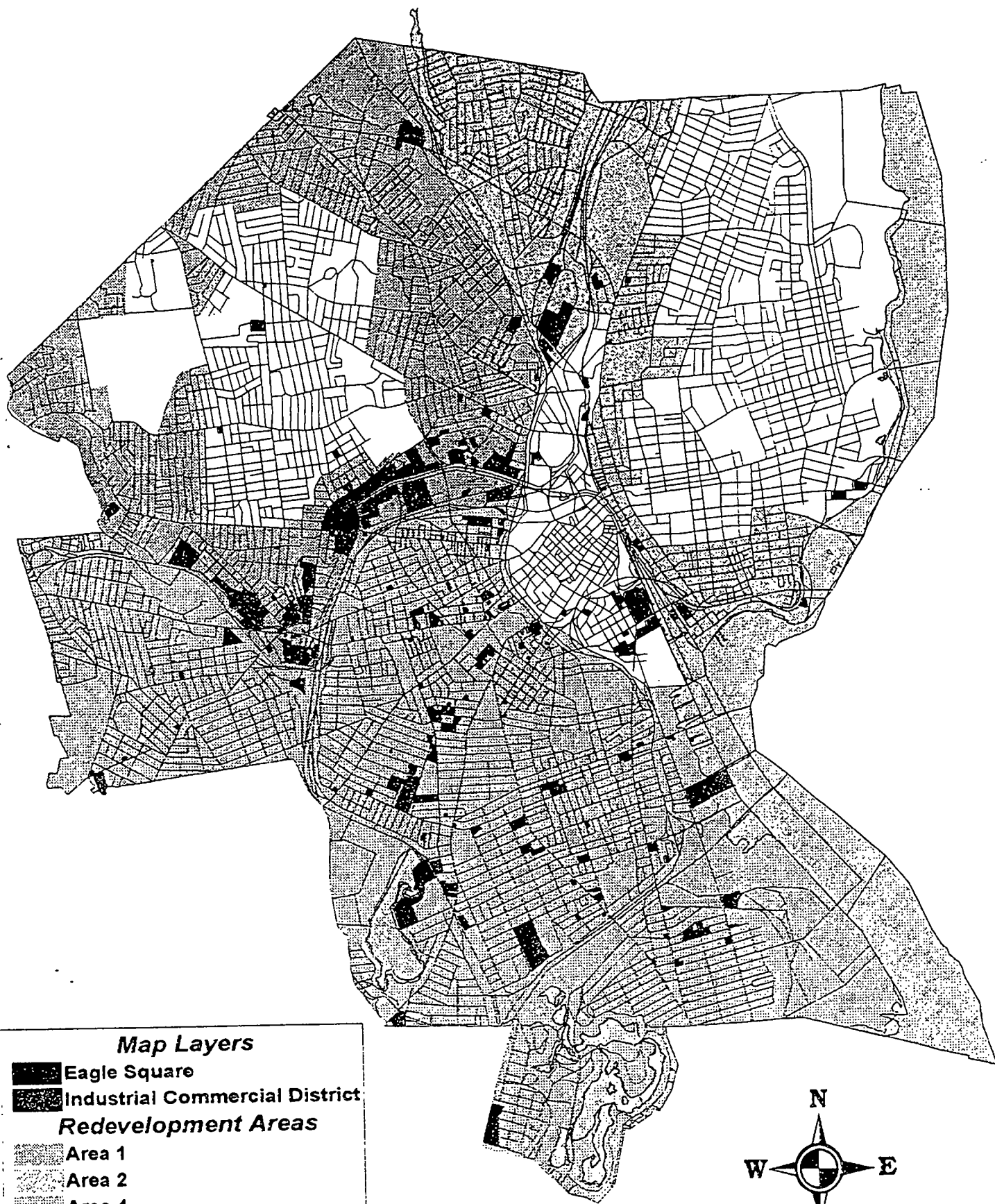
³At least 1.25 times Annual Debt Service Payment.

⁴Based on Bonds Proceeds of \$4,445,000 @ 6% annual interest, on \$990,000, amortizing over ten (10) years and 7.25% on \$3,455,000, amortizing over twenty-five (25) years, and includes annual RIIRBA Fee



⁵Reflects application of Debt Service Reserve Fund (DSRF) against final year's Annual Debt Service payment.

⁶The Deductible Allocation is the percentage (10%) of the tax increment that is directed to the General Fund for general obligation debt.

Exhibit A



Map Layers

-  Eagle Square
-  Industrial Commercial District
- Redevelopment Areas**
-  Area 1
-  Area 2
-  Area 4

0 3,000

Feet

