



## Committee on Finance Public Hearing

~ Agenda ~

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Thursday, May 18, 2017

5:30 PM

City Council Chamber (3rd Floor)

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1. An Ordinance Establishing a Tax Stabilization Agreement for Fountainview Owner, LLC located at 78 Fountain Street.
2. An Ordinance Establishing a Tax Stabilization Agreement for Weybosset, LLC located at 259 Weybosset Street.
3. An Ordinance Establishing a Tax Treaty Agreement for Waterfire Providence and 475 Valley Street.

**PER ORDER THE COMMITTEE ON FINANCE**  
Councilman John J. Igliazzi, Chairman

**The foregoing Committee may seek to enter into Executive Session.**

**Offices and City Council Chambers are accessible to individuals with disabilities. If you are in need of interpreter services for the hearing impaired, please contact the Office of Neighborhood Services at 421-7768 not less than 48 hours in advance of the hearing date.**

**City of Providence**  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

**CHAPTER**

No.       **AN ORDINANCE ESTABLISHING A TAX STABILIZATION AGREEMENT FOR FOUNTAINVIEW OWNER, LLC LOCATED AT 78 FOUNTAIN STREET**

*Be it ordained by the City of Providence:*

WHEREAS, 78 Fountain JV Owner, LLC (“Owner”) is the owner of certain real estate located in the City of Providence at 78 Fountain Street, 93 Washington Street and 66 Fountain Street, Plat 025, Lots 454, 455 and 164 which is currently a surface parking lot upon which the Owner will construct a new approximately 146, 493 square foot mixed use building featuring commercial and residential uses (the “Project”); and

WHEREAS, The Owner intends on making a significant investment in building the Project which will enhance the tax base of the surrounding area and increasing receipts of sales and meal and beverage tax revenues through the new sales generated by potential commercial and residential tenants; and

WHEREAS, The City of Providence envisions that the Project will generate both construction related jobs associated with the building of the Project and permanent jobs associated with the tenants that will occupy the Project within the City of Providence as well as enhance a strategic site that is central to the City of Providence; and

WHEREAS, The Project will provide for additional quality housing opportunities for people who want to live downtown and housing opportunities to support the existing demand for housing in the downtown area and new demand generated by the development of the 195 corridor and other businesses downtown; and

WHEREAS, Rhode Island General Laws § 44-3-9 ("Act") authorizes, subject to certain enumerated conditions, the city council of a city for a period not to exceed twenty (20) years, to exempt and determine an amount of taxes to be paid on account of real and tangible property used for commercial and residential purposes, notwithstanding the valuation of the real estate, tangible property or the rate of tax; and

WHEREAS, This Tax Stabilization Agreement (the “Ordinance”) has been determined by the City Council of the City of Providence to be fair, equitable and acceptable to the City; and

WHEREAS, It is in the best interest of the residents of the City of Providence to grant this Tax Stabilization Agreement in order to foster the rehabilitation.

**Be It Ordained by the City of Providence:**

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) "Assessment" shall mean the value placed upon the improvements made by the Owner by the City of Providence Tax Assessor.
- (b) "Commencement Date" shall be the effective date of this Ordinance.
- (c) "Personal Property" means any and all tangible personal property including, but not limited to all fixtures, furniture, equipment, furnishings, vehicles, computer hardware and software, informational systems and other personal property.

(d) "Project Site" means all of the real estate and buildings and improvements thereto located at 78 Fountain Street, 93 Washington Street and 66 Fountain Street, Plat 025, Lots 454, 455 and 164 in the City of Providence.

(e) "Project Site Owner" means an entity with the right and interest in and to the Project Site (or portions thereof), including successors to units and/or sub-units of the Project Site.

(f) "Project Taxable Property" means collectively, the Project Site and all Real Property Improvements and Personal Property thereon.

(g) "Real Property Improvements" means any structures or improvements including but not limited to buildings, parking lots/structures and related improvements to be constructed and developed on the Project Site.

(h) "Stabilized Tax Payments" shall mean the payment of taxes pursuant to the schedules of payments detailed in Section 5 below.

(i) "Termination Date" means the 20th anniversary of the December 31 year in which the Project Site is first assessed pursuant to the schedule set forth in Section 5 below.

Section 3. Grant of Tax Stabilization Agreement. The City of Providence, in accordance with the General Laws of the State of Rhode Island and the Code of Ordinances for the City of Providence, is hereby authorized to grant and does grant the schedule of Incentivized Tax Payments pursuant to Section 5.

Section 4. Term. The term of this Ordinance shall be a period commencing upon the Commencement Date and terminating on the Termination Date.

Section 5. Tax Exemption and Stabilization Plan. Tax Payments due for the first three (3) years of the Term shall remain at the 2015 assessed value and tax rate (hereinafter the "Base Assessment"). During the first three years of the Term, the Project Site Owner must substantially complete construction on the Project Site, subject to a Force Majeure Event (as defined below). In the fourth tax year after the Commencement Date, full taxes shall begin phasing in. Beginning in the fourth tax year after the Commencement Date, the assessor shall issue a bill for the Base Assessment plus a percentage of the difference between the Base Assessment then current full value assessment as follows:

<u>Year</u>	Percentage of Difference between Base Assessment and Current Full Value Assessment
Year 4	6%
Year 5	12%
Year 6	18%
Year 7	24%
Year 8	30%
Year 9	36%
Year 10	42%
Year 11	48%

Year 12	54%
Year 13	60%
Year 14	66%
Year 15	72%
Year 16	78%
Year 17	84%
Year 18	90%
Year 19	96%
Year 20	99%

Following the conclusion of twenty full years, The Project Site Owner will be paying the full current assessment. Tax Payments in each year beginning in the fourth tax year after commencement shall be calculated by the then current valuation of the property and the current applicable real property tax rates.

Section 6. Payment of Taxes and Revenue Reporting.

(a) Stabilized Tax Payments due to the City, pursuant to the schedule listed in Section 5, may be made in either a lump sum during the first quarter of the applicable tax year or in equal quarterly installments. If the 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.

(b) The liability for the Stabilized Tax Payments due and owing under this Ordinance shall constitute an obligation of the Project Site Owner, and the City shall be granted by the Project Site Owner, a first lien on the Project Taxable Properties, which lien shall be of the same priority and entitle the City to the same foreclosure remedies as the lien and foreclosure remedies provided under the applicable laws and ordinances with respect to real property and personal property taxes. The City agrees to provide written notice to Project Site Owner prior to exercising any foreclosure or other remedies available and the Owner of the Project Site shall have ninety (90) days to cure any alleged default under this Ordinance from the date upon which Notice of any alleged default is received from the City. Said Notice shall include, with specificity, the nature of any alleged default, and the actions which the City believes to be reasonably necessary to cure any alleged default under this Ordinance.

(c) It is understood that the Stabilized Tax Payments made hereunder are deemed by the City to be tax payments, and the Project Site Owner shall be entitled to all of the rights and privileges of a taxpayer in the City, including, without limitation, the right to challenge and appeal any assessment and/or reassessment. It is further understood and agreed that the City's sole and exclusive recourse to Project Site Owner is limited to the City's first lien on the Project Taxable Properties, however, nothing herein shall be construed to limit the right of the City to foreclose or take any other judicial proceeding available at law for the collection of taxes.

(d) Stabilized Tax Payments not made by the Project Site Owner as they become due shall be subject to any and all penalties allowed under Rhode Island General Laws. Failure to receive a tax bill reflecting the payments pursuant to Section 5 shall not relieve Project Site Owner of its obligation to make Stabilized Tax Payments herein. If for any reason the Project Site Owner does not receive an appropriate tax bill, Project Site Owner shall have the responsibility and obligation to make reasonable inquiries to the City in order to have such a proper tax bill issued and thereafter to make payment of the same no later than the due dates provided herein. Stabilized Tax Payments shall be made by Project Site Owner directly to the City of Providence Tax Collector's Office.

Section 7. Effect of Failure to Make Payments. The real property, tangible and personal property taxes payable to the City for the Project Site during the term of this Ordinance shall be based

upon the schedules set forth in Section 5. This Ordinance is further conditioned upon Project Site Owner, whether now or in the future, remaining current on tax payments pursuant to Section 5. Failure to make said timely Stabilized Tax Payments may, at the discretion of the City of Providence following the Notice and the 90-day cure period set forth in Section 6(b), render this Ordinance null and void.

Section 8. Transfers. As long as the Project Site Owner or any successor or assignee owns or operates the Project Site, it will continue to pay Stabilized Tax Payments for the Project Site pursuant to this Ordinance.

(a) Project Site Owner or any successor or assignee, acknowledges and agrees that the Project Site will be subject to taxation pursuant to the terms of this Ordinance and thereafter subject to taxation pursuant to Rhode Island General Laws and the ordinances of the City of Providence. Project Site Owner, or any successor or assignee, agrees that the exemption and conditions under this Redevelopment Incentive Program shall run with the land.

(b) In the event that a Project Site Owner transfers the Project Site to a tax exempt entity in the first five years immediately following the expiration of this Ordinance, the Project Site Owner agrees that a percentage of the sale price will be paid to the City of Providence as follows: if the property is sold to a tax exempt entity in the first year immediately following the expiration of the Ordinance then the Project Site Owner shall pay five percent (5%) of the sale price to the City; if the property is sold to a tax exempt entity in the second year immediately following the expiration of the Ordinance then the Project Site Owner shall pay four percent (4%) of the sale price to the City; if the property is sold to a tax exempt entity in the third year immediately following the expiration of the Ordinance then the Project Site Owner shall pay three percent (3%) of the sale price to the City; if the property is sold to a tax exempt entity in the fourth year immediately following the expiration of the Ordinance then the Project Site Owner shall pay two percent (2%) of the sale price to the City; and if the property is sold to a tax exempt entity in the fifth year immediately following the expiration of the Ordinance then the Project Site Owner shall pay one percent (1%) of the sale price to the City.

Section 9. Employment and Contracts.

(a) Construction.

- i. MBE/WBE. Project Site Owner shall make a good faith effort to award to Minority Business Enterprises as defined in Rhode Island General Laws, Section 31- 14.1 ("MBE Act") no less than 10% of the dollar value of the construction costs for the Project (as determined in accordance with the rules and regulations promulgated pursuant to MBE Act). Project Site Owner shall make a good faith effort to award to Women Business Enterprises (WBE's) no less than 10% of the dollar value of the construction costs for the Project (as determined in accordance with Section 21-52 of the Code of Ordinances of the City of Providence). Project Site Owner will request the City MBE/WBE office and its Supplier Diversity Director to establish a list of qualified MBE/WBE companies in order to satisfy its MBE/WBE construction goals. In this manner, the City will assist Project Owner in meeting said goals. The process of participating with the MBE/WBE office and its Supplier Diversity Director shall begin upon passage in order to develop a designated MBE/WBE subcontractor list which will encourage MBE/WBE participation and joint ventures with other members with the construction industry.
- ii. Apprenticeship. Project Site Owner shall make all good faith efforts to ensure that one hundred percent (100%) of the hours worked on the Project shall be performed by trade construction subcontractors who have or are affiliated with an apprenticeship program as defined in 29 C.F.R. § 29 et seq., unless otherwise provided below.

Project Site Owner shall make a requirement in the contracts between its Construction Manager and General Contractor and their subcontractors who have apprenticeship programs as defined in 29 C.F.R. § 29 that not less than ten

percent (10%) of the total hours worked by the subcontractors' employees on the project are completed by apprentices registered in the aforementioned apprenticeship programs.

Project Site Owner shall as part of its contracts between its Construction Manager and General Contractor and their subcontractors require that the subcontractors submit to the Department of Planning and Development quarterly verification reports to ensure compliance with this section.

Project Site Owner, its Construction Manager or General Contractor or other authorized person/entity may petition the City of Providence Department of Planning and Development to adjust the apprenticeship work hour requirements to a lower percentage upon a showing that:

- a. compliance is not feasible because a trade or field does not have an apprenticeship program or cannot produce members from its program capable of performing the scope of work within the contract in keeping with the timelines provided for in the Project Site Owner's development schedule; or
- b. compliance is not feasible because it would involve a risk or danger to human health and safety or the public at large; or
- c. compliance is not feasible because it would create a significant economic hardship; or
- d. compliance is not feasible for any other reason which is justifiable and demonstrates good cause.

iii. Internal Revenue Service reporting. Except as provided under Rhode Island General Laws § 28-42-8, any person performing services at the Project Site shall annually receive either a W-2 statement or an IRS Form 1099.

iv. First Source List. Pursuant to the City of Providence First Source Ordinance, the Project Owner shall enter into a First Source Agreement covering the hiring of employees necessary to complete the proposed Project and throughout the term of this Agreement. Project Owner shall work in conjunction with the Director of First Source Providence to develop the First Source Agreement.

iv. "Buy Providence" Initiative. Project Site Owner will use good faith efforts to ensure that construction materials are purchased from economically competitive and qualified vendors located in the City of Providence. In furtherance of this effort, Project Site Owner will work with the City to develop a list of Providence vendors and subcontractors in order to create a preferred vendor list of qualified and economically competitive vendors for the construction of the Project. In order to further that effort, Project Site Owner will hold seminars/meetings upon passage of this Ordinance, with the Providence MBE/WBE office, the Supplier Diversity Director, the Director of First Source Providence and the Providence Chamber of Commerce to inform the local economy of the Project Site Owner's development plans in order to maximize the opportunities for Providence businesses to work with Project Site Owner in providing on-going services, equipment and materials. To be clear, nothing in the foregoing shall be construed so as to obligate Project Site Owner to purchase construction materials from any vendor that has not provided the lowest qualified bid in connection with the provision of such materials, as reasonably determined by Project Site Owner.

(b) Permanent Employment. In conjunction with its efforts pursuant to this Section and its ongoing efforts to provide equal employment opportunity without regard to race, color, religion, natural origin, sex, age or handicap, Project Site Owner shall liaise with the City and with the Director of First Source Providence to assist in the recruitment of qualified minority, women, and handicap applicants as well as those on the First Source List for all of its employment

positions.

(c) Reporting. During the construction phase of the Project, Project Site Owner shall annually report to the City Council on its progress in complying with the provisions of this Ordinance, including but not limited to, Section 10. To be clear, the terms of this Section 10 shall apply to Project Site Owner and its Real Property Improvements at the Project Site, but shall not be deemed to apply to the tenants of the Project Site and/or the businesses conducted thereon.

Section 10. Agreement to establish a fund to be held in Trust by the Treasurer of the City of Providence. Upon passage of the Resolution Ratifying this Ordinance, the Property Owner shall contribute to a Trust Fund established by the City, of which the Treasurer shall be the trustee. The Fund shall be identified as the “City Council Parks and Recreation Fund.” The City Council shall establish regulations pertaining to the disbursement of funds.

- (a) Payment of to the Fund. The Property Owner shall make annual payments to the Fund in the amount of five (5) percent of the total estimated abated tax for the term of the Agreement, for as long as this Agreement is in full force and effect, including any extensions should they be granted. Said annual payments will be payable on the anniversary of the commencement date in each subsequent tax year.
- (b) Investment and Distribution of the Fund. The trust fund will be invested by the Board of Investment, and an annual distribution of the investment shall be used to provide funds to the Department of Parks and to the Department of Recreation for capital improvements in neighborhood parks and recreation centers. Said annual distribution shall not supplant any funds that are provided to the Department of Parks or the Department of Recreation through the operating budget. The amount of the distribution shall not exceed four (4) percent. Distributions may never exceed the earnings in the year of distribution or reduce the corpus of the funds. The first payment from the fund shall begin in the fifth year after the establishment of the Agreement.

Section 10. Resolution of Calculation Disputes. Project Site Owner and the City of Providence agree that Project Site Owner retains the right to appeal the valuation or calculation of the taxes assessed from time to time.

Section 11. Severability. If any one section of this Ordinance is found to be unenforceable, then the other provisions herein shall continue to have the same force and effect as if the unenforceable provision were not passed as part of this Ordinance.

Section 12. Applicable Law. This agreement shall be construed under the laws of the State of Rhode Island.

Section 13. Effective Date. This Ordinance shall become effective immediately upon its passage by the City Council and approval by the Mayor.

**City of Providence**  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

**CHAPTER**

No. **AN ORDINANCE ESTABLISHING A TAX STABILIZATION AGREEMENT FOR WEYBOSSET, LLC LOCATED AT 259 WEYBOSSET STREET**

*Be it ordained by the City of Providence:*

WHEREAS, Weybosset, LLC (“Owner”) is the owner of certain real estate located at 259 Weybosset Street, Plat 24, Lot 423 in the City of Providence. The Owner proposes to convert this existing historic structure into fully renovated and rehabilitated mixed use building featuring commercial and residential uses (the “Project”); and

WHEREAS, The Owner intends on making a significant investment in returning this building to a productive use for the City and this Project which will enhance the tax base of the surrounding area and increase receipts of sales and meal and beverage tax revenues through the new sales generated by potential commercial tenants; and

WHEREAS, The City of Providence envisions that the Project will generate both construction related jobs associated with the building of the Project and permanent jobs associated with the tenants that will occupy the Project within the City of Providence as well as protect, preserve and showcase the a historic building that is a part of the rich history of the City of Providence; and

WHEREAS, The Project will provide for additional quality housing opportunities for people who want to live downtown and housing opportunities to support the demand for housing in the downtown area generated by the development of the 195 corridor and other businesses downtown; and

WHEREAS, Rhode Island General Laws § 44-3-9 ("Act") authorizes, subject to certain enumerated conditions, the city council of a city for a period not to exceed twenty (20) years, to exempt and determine an amount of taxes to be paid on account of real and tangible property used for commercial and residential purposes, notwithstanding the valuation of the real estate, tangible property or the rate of tax; and

WHEREAS, This Tax Stabilization Agreement (the “Ordinance”) has been determined by the City Council of the City of Providence to be fair, equitable and acceptable to the City; and

WHEREAS, It is in the best interest of the residents of the City of Providence to grant this Tax Stabilization Agreement in order to foster the rehabilitation.

**Be It Ordained by the City of Providence:**

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) "Assessment" shall mean the value placed upon the improvements made by the Owner by the City of Providence Tax Assessor.
- (b) "Commencement Date" shall be the effective date of this Ordinance.
- (c) "Personal Property" means any and all tangible personal property including, but not limited to all fixtures, furniture, equipment, furnishings, vehicles, computer hardware and software, informational systems and other personal

property.

(d) "Project Site" means all of the real estate and buildings and improvements thereto located at 259 Weybosset Street, Plat 24, Lot 423 in the City of Providence.

(e) "Project Site Owner" means an entity with the right and interest in and to the Project Site (or portions thereof), including successors to units and/or sub-units of the Project Site.

(f) "Project Taxable Property" means collectively, the Project Site and all Real Property Improvements and Personal Property thereon.

(g) "Real Property Improvements" means any structures or improvements including but not limited to buildings, parking lots/structures and related improvements to be constructed and developed on the Project Site.

(h) "Stabilized Tax Payments" shall mean the payment of taxes pursuant to the schedules of payments detailed in Section 5 below.

(i) "Termination Date" means the 12th anniversary of the December 31 in which the Project Site is first assessed pursuant to the schedule set forth in Section 5 below.

Section 3. Grant of Tax Stabilization Agreement. The City of Providence, in accordance with the General Laws of the State of Rhode Island and the Code of Ordinances for the City of Providence, is hereby authorized to grant and does grant the schedule of Incentivized Tax Payments pursuant to Section 5.

Section 4. Term. The term of this Ordinance shall be a period commencing upon the Commencement Date and terminating on the Termination Date.

Section 5. Tax Exemption and Stabilization Plan. Tax Payments due for the first three (3) years of the Term shall remain at the 2016 assessed value and tax rate (hereinafter the "Base Assessment"). During the first three years of the Term, the Project Site Owner must substantially complete construction on the Project Site, subject to a Force Majeure Event (as defined below). In the fourth tax year after the Commencement Date, full taxes shall begin phasing in. Beginning in the fourth tax year after the Commencement Date, the assessor shall issue a bill for the Base Assessment plus a percentage of the difference between the Base Assessment then current full value assessment as follows:

<u>Year</u>	Percentage of Difference between Base Assessment and Current Full Value Assessment
Year 4	11%
Year 5	22%
Year 6	33%
Year 7	44%
Year 8	55%
Year 9	66%
Year 10	77%
Year 11	88%

Year 12	95%
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Following the conclusion of twelve full years, The Project Site Owner will be paying the full current assessment. Tax Payments in each year beginning in the fourth tax year after commencement shall be calculated by the then current valuation of the property and the current applicable real property tax rates.

**Section 6. Payment of Taxes and Revenue Reporting.**

(a) Stabilized Tax Payments due to the City, pursuant to the schedule listed in Section 5, may be made in either a lump sum during the first quarter of the applicable tax year or in equal quarterly installments. If the 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.

(b) The liability for the Stabilized Tax Payments due and owing under this Ordinance shall constitute an obligation of the Project Site Owner, and the City shall be granted by the Project Site Owner, a first lien on the Project Taxable Properties, which lien shall be of the same priority and entitle the City to the same foreclosure remedies as the lien and foreclosure remedies provided under the applicable laws and ordinances with respect to real property and personal property taxes. The City agrees to provide Notice to Project Site Owner prior to exercising any foreclosure or other remedies available and the Owner of the Project Site shall have ninety (90) days to cure any alleged default under this Ordinance from the date upon which Notice of any alleged default is received from the City. Said Notice shall include, with specificity, the nature of any alleged default, and the actions which the City believes to be reasonably necessary to cure any alleged default under this Ordinance.

(c) It is understood that the Stabilized Tax Payments made hereunder are deemed by the City to be tax payments, and the Project Site Owner shall be entitled to all of the rights and privileges of a taxpayer in the City, including, without limitation, the right to challenge and appeal any assessment and/or reassessment. It is further understood and agreed that the City's sole and exclusive recourse to Project Site Owner is limited to the City's first lien on the Project Taxable Properties, however, nothing herein shall be construed to limit the right of the City to foreclose or take any other judicial proceeding available at law for the collection of taxes.

(d) Stabilized Tax Payments not made by the Project Site Owner as they become due shall be subject to any and all penalties allowed under Rhode Island General Laws. Failure to receive a tax bill reflecting the payments pursuant to Section 5 shall not relieve Project Site Owner of its obligation to make Stabilized Tax Payments herein. If for any reason the Project Site Owner does not receive an appropriate tax bill, Project Site Owner shall have the responsibility and obligation to make reasonable inquiries to the City in order to have such a proper tax bill issued and thereafter to make payment of the same no later than the due dates provided herein. Stabilized Tax Payments shall be made by Project Site Owner directly to the City of Providence Tax Collector's Office.

**Section 7. Effect of Failure to Make Payments.** The real property, tangible and personal property taxes payable to the City for the Project Site during the term of this Ordinance shall be based upon the schedules set forth in Section 5. This Ordinance is further conditioned upon Project Site Owner, whether now or in the future, remaining current on tax payments pursuant to Section 5. Failure to make said timely Stabilized Tax Payments may, at the discretion of the City of Providence following the Notice and the 90-day cure period set forth in Section 6(b), render this Ordinance null and void.

**Section 8. Transfers.** As long as the Project Site Owner or any successor or assignee owns or operates the Project Site, it will continue to pay Stabilized Tax Payments for the Project Site

pursuant to this Ordinance.

(a) Project Site Owner or any successor or assignee, acknowledges and agrees that the Project Site will be subject to taxation pursuant to the terms of this Ordinance and thereafter subject to taxation pursuant to Rhode Island General Laws and the ordinances of the City of Providence. Project Site Owner, or any successor or assignee, agrees that the exemption and conditions under this Redevelopment Incentive Program shall run with the land.

(b) In the event that a Project Site Owner transfers the Project Site to a tax exempt entity in the first five years immediately following the expiration of this Ordinance, the Project Site Owner agrees that a percentage of the sale price will be paid to the City of Providence as follows: if the property is sold to a tax exempt entity in the first year immediately following the expiration of the Ordinance then the Project Site Owner shall pay five percent (5%) of the sale price to the City; if the property is sold to a tax exempt entity in the second year immediately following the expiration of the Ordinance then the Project Site Owner shall pay four percent (4%) of the sale price to the City; if the property is sold to a tax exempt entity in the third year immediately following the expiration of the Ordinance then the Project Site Owner shall pay three percent (3%) of the sale price to the City; if the property is sold to a tax exempt entity in the fourth year immediately following the expiration of the Ordinance then the Project Site Owner shall pay two percent (2%) of the sale price to the City; and if the property is sold to a tax exempt entity in the fifth year immediately following the expiration of the Ordinance then the Project Site Owner shall pay one percent (1%) of the sale price to the City.

#### Section 9. Employment and Contracts.

##### (a) Construction.

- i. MBE/WBE. Project Site Owner shall make a good faith effort to award to Minority Business Enterprises as defined in Rhode Island General Laws, Section 31- 14.1 ("MBE Act") no less than 10% of the dollar value of the construction costs for the Project (as determined in accordance with the rules and regulations promulgated pursuant to MBE Act). Project Site Owner shall make a good faith effort to award to Women Business Enterprises (WBE's) no less than 10% of the dollar value of the construction costs for the Project (as determined in accordance with Section 21-52 of the Code of Ordinances of the City of Providence). Project Site Owner will request the City MBE/WBE office and its Supplier Diversity Director to establish a list of qualified MBE/WBE companies in order to satisfy its MBE/WBE construction goals. In this manner, the City will assist Project Owner in meeting said goals. The process of participating with the MBE/WBE office and its Supplier Diversity Director shall begin upon passage in order to develop a designated MBE/WBE subcontractor list which will encourage MBE/WBE participation and joint ventures with other members with the construction industry.
- ii. Apprenticeship. Project Owner shall make all good faith efforts to ensure that one hundred percent (100%) of the hours worked on the Project shall be performed by trade construction subcontractors who have or are affiliated with an apprenticeship program as defined in 29 C.F.R. § 29 et seq., unless otherwise provided below.

Project Owner shall make a requirement in the contracts between its Construction Manager and General Contractor and their subcontractors who have apprenticeship programs as defined in 29 C.F.R. § 29 that not less than ten percent (10%) of the total hours worked by the subcontractors' employees on the project are completed by apprentices registered in the aforementioned apprenticeship programs.

Project Owner shall as part of its contracts between its Construction Manager and General Contractor and their subcontractors require that the subcontractors submit to the Department of Planning and Development quarterly verification reports to ensure compliance with this section.

Project Owner, its Construction Manager or General Contractor or other authorized person/entity may petition the City of Providence Department of Planning and Development to adjust the apprenticeship work hour requirements to a lower percentage upon a showing that:

- a. compliance is not feasible because a trade or field does not have an apprenticeship program or cannot produce members from its program capable of performing the scope of work within the contract; or
  - b. compliance is not feasible because it would involve a risk or danger to human health and safety or the public at large; or
  - c. compliance is not feasible because it would create a significant economic hardship; or
  - d. compliance is not feasible for any other reason which is justifiable and demonstrates good cause.
- iii. Internal Revenue Service reporting. Except as provided under Rhode Island General Laws § 28-42-8, any person performing services at the Project Site shall annually receive either a W-2 statement or an IRS Form 1099.
- iv. First Source List. Pursuant to the City of Providence First Source Ordinance, the Project Owner shall enter into a First Source Agreement covering the hiring of employees necessary to complete the proposed Project and throughout the term of this Agreement. Project Owner shall work in conjunction with the Director of First Source Providence to develop the First Source Agreement.
- iv. "Buy Providence" Initiative. Project Site Owner will use good faith efforts to ensure that construction materials are purchased from economically competitive and qualified vendors located in the City of Providence. In furtherance of this effort, Project Site Owner will work with the City to develop a list of Providence vendors and subcontractors in order to create a preferred vendor list of qualified and economically competitive vendors for the construction of the Project. In order to further that effort, Project Site Owner will hold seminars upon passage of this Ordinance, with the Providence MBE/WBE office, the Supplier Diversity Director, the Director of First Source Providence and the Providence Chamber of Commerce to inform the local economy of the Project Site Owner's development plans in order to maximize the opportunities for Providence businesses to work with Project Site Owner in providing on-going services, equipment and materials. To be clear, nothing in the foregoing shall be construed so as to obligate Project Site Owner to purchase construction materials from any vendor that has not provided the lowest qualified bid in connection with the provision of such materials, as reasonably determined by Project Site Owner.

(b) Permanent Employment. In conjunction with its efforts pursuant to this Section and its ongoing efforts to provide equal employment opportunity without regard to race, color, religion, natural origin, sex, age or handicap, Project Site Owner shall liaise with the City and with the Director of First Source Providence to assist in the recruitment of qualified minority, women, and handicap applicants as well as those on the First Source List for all of its employment positions.

(c) Reporting. During the construction phase of the Project, Project Site Owner shall annually report to the City Council on its progress in complying with the provisions of this Ordinance, including but not limited to, Section 10. To be clear, the terms of this Section 10 shall apply to Project Site Owner and its Real Property Improvements at the Project Site, but shall not be deemed to apply to the tenants of the Project Site and/or the businesses conducted thereon.

Section 10. Agreement to establish a fund to be held in Trust by the Treasurer of the City of Providence. Upon passage of the Resolution Ratifying this Ordinance, the Property Owner shall contribute to a Trust Fund established by the City, of which the Treasurer shall be the trustee. The Fund shall be identified as the “City Council Parks and Recreation Fund.” The City Council shall establish regulations pertaining to the disbursement of funds.

- (a) Payment of to the Fund. The Property Owner shall make annual payments to the Fund in the amount of five (5) percent of the total estimated abated tax for the term of the Agreement, for as long as this Agreement is in full force and effect, including any extensions should they be granted. Said annual payments will be payable on the anniversary of the commencement date in each subsequent tax year.
- (b) Investment and Distribution of the Fund. The trust fund will be invested by the Board of Investment, and an annual distribution of the investment shall be used to provide funds to the Department of Parks and to the Department of Recreation for capital improvements in neighborhood parks and recreation centers. Said annual distribution shall not supplant any funds that are provided to the Department of Parks or the Department of Recreation through the operating budget. The amount of the distribution shall not exceed four (4) percent. Distributions may never exceed the earnings in the year of distribution or reduce the corpus of the funds. The first payment from the fund shall begin in the fifth year after the establishment of the Agreement.

Section 10. Resolution of Calculation Disputes. Project Site Owner and the City of Providence agree that Project Site Owner retains the right to appeal the valuation or calculation of the taxes assessed from time to time.

Section 11. Severability. If any one section of this Ordinance is found to be unenforceable, then the other provisions herein shall continue to have the same force and effect as if the unenforceable provision were not passed as part of this Ordinance.

Section 12. Applicable Law. This agreement shall be construed under the laws of the State of Rhode Island.

Section 13. Effective Date. This Ordinance shall become effective immediately upon its passage by the City Council and approval by the Mayor.

**City of Providence**  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

**CHAPTER**

No.     **AN ORDINANCE ESTABLISHING A TAX TREATY  
AGREEMENT FOR WATERFIRE PROVIDENCE AND 475  
VALLEY STREET**

*Be it ordained by the City of Providence:*

WHEREAS, WaterFire Providence (hereinafter "Petitioner") acquired a 27,000 square foot building located on Assessor's Plat 27 Lot 296 commonly known as 475 Valley Street, in Providence, Rhode Island (hereinafter "The Property"); and

WHEREAS, The Property is being completely renovated to provide space for the Petitioner's work as an arts and culture, economic development and educational institution in the City of Providence, which will result in a long-term economic benefit to the city; and

WHEREAS, The Property has been awarded Rhode Island State Historic Tax Credits; and

WHEREAS, Petitioner requests a tax treaty at a rate of \$1,000 per annum for a period not to exceed ten (10) years, based on the provisions of Rhode Island General Laws Section 44-3-9(a)(i)(C); and

WHEREAS, the City of Providence is in a fiscal crisis and has asked the City Council and Mayor have asked the tax exempt property owners to do more; and

WHEREAS, Petitioner is voluntarily agreeing to paying taxes even after the two (2) year period required by its receipt of State Historic Tax Credits;

WHEREAS, Pursuant to Title 45, Chapter 24.1 of Rhode Island General Laws, The Property is a contributing building in the United States Rubber Company Mill Complex that has been issued a Certificate of Historical Significance and eligibility by the Rhode Island Historical Preservation and Heritage Commission, granted August 24, 2005.

NOW, THEREFORE BE IT ORDAINED:

Section 1. Tax Agreement. That 475 Valley Street be taxed at a rate not to exceed \$1,000.00 per tax year for a period not to exceed ten (10) tax years commencing with the 2018 tax year.

Section 2. Effective Date. This Agreement shall take effect upon passage of this Ordinance by the Providence City Council, and approval by the Mayor.