

DEPARTMENT OF CITY CLERK

CITY HALL

APRIL 24, 1986

The Committee on Finance meets this day at 4:30 o'clock P.M. in Committee Room "A", City Hall.

PRESENT: Chairwoman Brassil, Councilman Dillon and Councilwoman Fagnoli. Also present are Mayor Joseph R. Paolino, Jr., Director of Administration John Simmons, Council President Nicholas Easton, and Councilman Andrew Annaldo.

(Joanne L. McKenna, Assistant Clerk).

RELATIVE TO AN ORDINANCE AMENDING THE APPROPRIATION ORDINANCE CHAPTER 1985-69, APPROVED JUNE 25, 1985, BY TRANSFERRING VARIOUS SUMS OF MONEY WITHIN THE SCHOOL DEPARTMENT.

Councilman Dillon moves the Ordinance be amended under "Transfers," second column, third line, by deleting "2-02-042-204" and inserting in lieu thereof the following: "2-02-042-244."

This motion being seconded by Councilwoman Fagnoli, is put to vote and Passed.

On motion of Councilman Dillon, seconded by Councilwoman Fagnoli, it is voted to Approve the foregoing Ordinance as amended and transmit same to the City Council with recommendation of Adoption.

RELATIVE TO RESOLUTION REQUESTING APPROVAL BY THE CITY COUNCIL OF AN AGREEMENT BETWEEN JOSEPH R. PAOLINO, JR., MAYOR OF THE CITY OF PROVIDENCE, AND CLAREMONT DEVELOPMENT ASSOCIATES, INC. REGARDING CLAREMONT'S ACQUISITION OF THE FORMER OUTLET BUILDING AND RELATING TO THE ASSESSMENT AND COLLECTION OF TAXES AND A LOAN THEREOF, ALL IN ACCORDANCE WITH THE ATTACHED AGREEMENT, DATED MARCH 7, 1986.

Chairwoman Brassil requests that Mayor Paolino make his presentation. She informs the Mayor that a number of concerned citizens have presented her with approximately 75 names petitioning the Finance Committee to present this matter at a Public Hearing.

Mayor Paolino states that the proposal of having a Public Hearing is a good idea. Their agreement that they have with Claremont Associates and with Rhode Island Housing and Mortgage is a very complicated, complex arrangement.

There are so many different variables that they have been able to work out with the different organizations and groups that he feels the more that it is discussed the better it is for the City of Providence.

He states that the Outlet Building, as they know, has been vacant for over three years now. It is in the heart of downtown Providence and it sits on two acres of land. There is also a 400 car parking garage directly behind it.

He states that the agreement that they have been able to work out with the developers is one that is extremely beneficial to the City.

First of all, a new concept that they are talking about in the City of Providence is to try to have people live in their downtown. By having people

live in the downtown, he believes there is going to be twenty-four hour activity in the center of the City and will be able to take care of a void of residences that has been taken up throughout the neighborhoods. So, they are really creating a new neighborhood in the downtown area.

Secondly, they are talking about 240 apartment units and 110,000 square feet of retail space. That would be the first and second floors of the Outlet Building, and it would probably be like an arcade or a miniature mall through that area.

In addition to that, the Mayor states that the developers are going to add a 150 car parking lot on top of the 400 that is already in existence.

He states that what the City is doing is taking some U.D.A.G.'s that are outstanding. He had for a long time been an advocate, when he was a member of the City Council, that it would be nice to see if they can show how downtown can benefit neighborhoods in the City of Providence. And by that, they have in the past been able to get some U.D.A.G.'s, why can't they show the neighborhoods how that can benefit them.

So, what they have done, is by working with Rhode Island Housing and Mortgage they are selling them an asset of theirs that presently right now Fleet has an arrangement with the City of Providence, like a mortgage, or a loan, of thirty years. Out of that thirty year payment is a U.D.A.G. for some 5.8 million dollars. There is a 5.8 million dollar U.D.A.G. and another U.D.A.G. that is 1.2 million dollars. They are selling the 5.8 million dollar U.D.A.G. to Rhode Island Housing Mortgage at face value. They are not taking any discounts on it. They are giving us the cash and the City is giving them the papers. So now they have to go and collect from Fleet Bank over a period of thirty years.

The Mayor states that what we are in return doing is with that 5.8 million dollars, we are going to loan 4.7 million dollars to Claremont Associates in order to make the Outlet Project work.

With that, they have worked out a ten year schedule of having that paid back to the City of Providence, in fact, at better interest rates than what we are receiving now from Fleet. At the same time with that ten years they are also requested, and this is something that he was adamant on through their negotiations, that they either take a first mortgage on the property or get a letter of credit, which is very bankable, you can hock that letter of credit, you can borrow against it, do many more projects and the same thing with the first mortgage.

Now, the City's arrangement with Rhode Island Housing is that with the

monies coming in on a yearly basis, from the Fleet U.D.A.G., that money has to be targeted to the neighborhoods of the City of Providence for different sorts of projects. One project would be, he believes that all the vacant lots in the City of Providence, that they need to build new housing on those vacant lots and make them affordable to people that live in the neighborhoods themselves.

So what they want to do is use the repayment of the U.D.A.G.'s to R. I. Housing Mortgage to be directed to bringing down interest rates, number one.

Number two, regular housing, to buy a house in any neighborhood, to show that if you are doing it in Providence you are going to get a better rate, as long as you meet all the criteria and the guidelines and also the concerns that neighborhoods have.

Also, they want to be able to work with a lot of the abandoned property in the City of Providence. And on top of that, they have, with Community Development being cut so drastically, in fact in 1978 Community Development probably funded close to 12 million dollars, now it is only funded about 4.9 million dollars and if the Reagan Administration has their way, it will probably continue to be decreased even more. They have to prepare today how they are going to fight those cuts.

Mayor Paolino states that he feels that they have to help people in neighborhoods in regards to rehabilitation loans and that this project is also going to put aside monies into the neighborhoods to repair the houses, to paint houses, to take care of code violations or to be able to take care of energy problems.

He states that that is the financing arrangement that they have. At the end of ten years, if they feel that they need this loan even longer, they have worked out with the City of Providence will have 25 percent of the profit that is generated will come to the City of Providence. He believes that that 25 percent comes to the City of Providence on an annual basis if there is a profit.

He states that there is enough security built in for the City of Providence and at the same time it is a good investment for the City. While they were talking about financing, the Mayor sat back and said, "Well, if you were going to a bank to borrow 4.7 million dollars, a bank would charge you one or two points, for a finance fee."

The Mayor wants to charge a finance fee and put it into a special account that will be targeted into neighborhoods because linkage is something that he feels is very important. He states that they are working on some proposals now on linkage of where downtown can definitely benefit neighborhoods like they have done in some other cities.

Mayor Paolino states that this is the first time any project in the City of Providence has a linkage agreement, it is one that has been negotiated in good faith

between both parties and \$47,000 at closing will be put into a special account for a neighborhood project.

He states that that is the financing arrangement. The second item that he would like to talk about is taxes. They are going to be putting 35 to 40 million dollars into this project and they are rehabilitating it and they were concerned about the taxes. He states that he, too, is concerned about the taxes because the business they are in, in the City of Providence, is to collect taxes.

They have worked out a ten-year arrangement, keeping at base line and no less than whatever monies they are receiving now, which is about \$150,000, they will not cut that at all. They are going to continue getting that. They are going to work on how they are going to increase that. Over a period of ten years the City of Providence will receive 3.3 million dollars in taxes from that project that at the present time they are receiving, if they worked out the tax arrangement, it would be about \$155,000 ten years.

So, they have built in some good increases for taxes on the property and at the same time they have a good investment of how their U.D.A.G. money is being spent and also they are showing how that U.D.A.G. money is being spent in the neighborhoods in the City of Providence.

Mayor Paolino states that having a Public Hearing and explaining this over and over again, they feel would be very beneficial to the citizens and they want them to hear more about it.

He states that, hopefully, if this is approved by the City Council, they will be having some agreements in writing in the very near future signed with Rhode Island Housing and Mortgage. It is a new venture for them and it is showing how they are getting more actively involved in the neighborhoods in the City of Providence and at the same time, their downtown, so; it is a nice linkage. The neighborhoods and the downtown both need each other. They should try to stop fighting with each other to show how they both need each other to have the City go forward.

He states that is their presentation and he will be happy to repeat it at the Public Hearing.

Chairwoman Brassil thanks Mayor Paolino for his presentation.

Mayor Paolino is excused at this time.

Discussion ensues and it is decided that a Public Hearing relative to this Resolution will be held Monday, May 12, 1986 at 7:00 o'clock P.M. in the Council Chamber, City Hall.

Chairwoman Brassil directs the Assistant Clerk to send out notices to that effect.

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Accordingly, on motion of Councilwoman Fagnoli, seconded by Councilman Dillon, it is voted to Continue the foregoing Resolution.

RELATIVE TO REQUEST FOR LEAVE OF ABSENCE FOR DONNA SALVADORE, EMPLOYED IN THE CITY COLLECTOR'S OFFICE FROM AUGUST 11, 1986 TO AUGUST 9, 1987, DUE TO PREGNANCY.

On motion of Councilwoman Fagnoli, seconded by Councilman Dillon, it is voted to Approve the foregoing request of Donna Salvadore, an employee of the City Collector's Office, for one year, due to pregnancy.

RESOLUTION REQUESTING THE CITY COLLECTOR TO CAUSE THE TAXES TO BE ABATED ON THAT PROPERTY LOCATED AT 8 HUDSON STREET, LOT 206, PLAT 36, IN THE AMOUNT OF TWO THOUSAND THIRTEEN DOLLARS AND THIRTY-SIX CENTS (\$2,013.36), AS REQUESTED BY COSTANZO CACCHIOTTI.

Councilman Dillon moves the Resolution be amended by changing the address of the street location from 8 Hudson Street to 85 Hudson Street.

This motion being seconded by Councilwoman Fagnoli, is put to vote and Passed.

On motion of Councilman Dillon, seconded by Councilwoman Fagnoli, it is voted to Approve the foregoing Resolution and transmit same to the City Council with recommendation of Adoption, as amended.

RESOLUTION REQUESTING THE DIRECTOR OF INSPECTION AND STANDARDS TO CAUSE THAT DEMOLITION LIEN ON THE PROPERTY LOCATED AT 61 STANSBURY STREET, IN THE AMOUNT OF \$2,600.00 TO BE WAIVED.

Chairwoman Brassil states that there was a problem with this Resolution, in which it contained the wrong address.

On motion of Councilwoman Fagnoli, seconded by Councilman Dillon, it is voted to Postpone Indefinitely the foregoing Resolution.

ANNUAL FINANCIAL REPORT FROM PEAT, MARWICK, MITCHELL & CO., FOR FISCAL YEAR ENDED JUNE 30, 1985.

On motion of Councilwoman Fagnoli, seconded by Councilman Dillon, it is voted to Receive the foregoing report and transmit same to the City Council with recommendation the same be Received.

Chairwoman Brassil questions as to when the Committee will receive the budget letter.

Mr. Simmons states that the Committee should receive the budget letter sometime in May.

N.E.E.S. PROGRESS REPORT TRANSMITTED BY DIRECTOR OF PUBLIC PROPERTY CAPUANO.

Chairwoman Brassil states that the foregoing report is Received.

Councilwoman Fagnoli questions as to who if anyone is supervising the maintenance of these boilers.

Mr. Simmons states that N.E.E.S. still has maintenance responsibility for the boilers for within one year of the signing of the contract. Jean DePault is being given that jurisdiction and other boiler people have been sent for training. This will be an ongoing process.

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ADJOURNMENT: On motion of Councilman Dillon, seconded by Councilwoman Fagnoli, it is voted to adjourn this meeting at 5:20 o'clock P.M.

*Joanne L. McKenna*  
ASSISTANT CLERK

*Rose M. Mendonca*  
CLERK

Copied *ag*

Compared *jm*