

PAWTUCKET CITY HALL
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TAX STABILIZATION AGREEMENT

This Agreement (“Agreement”) is made as of the ____ day of _____, 2023, by and among the CITY OF PAWTUCKET, a Rhode Island municipal corporation (“City”), and BLACKSTONE DISTRIBUTION CENTER LLC, a Rhode Island domestic limited liability company (together with its permitted successors and assigns “Developer”).

WITNESSETH:

WHEREAS, the Pawtucket City Council, pursuant to (a) Section 44-3-9 of the General Laws of the State of Rhode Island, as amended, has the authority to exempt property in the City used for commercial purposes from the payment of property tax if the granting of the exemption meets certain conditions set forth in said Section 44-3-9 of the General Laws of the State of Rhode Island; and

WHEREAS, Developer owns real property in Pawtucket identified as Assessor's Plat 62, Lots 340 and 360 also known as 1 Moshassuck St, Pawtucket, RI (the “Project Site”); and

WHEREAS, Developer intends to remove the existing improvements and construct an approximately 160,000 sf warehouse and distribution center, and/or other commercial development at the Project Site (“Project”); and

WHEREAS, it is in the public interest to provide property tax incentives for owners of properties in order that there may be development and/or substantial rehabilitation of the properties yielding new residential, commercial, and institutional uses. It is also in the public interest to offer these incentives for a limited duration; and

WHEREAS, City and Developer desire to fix and stabilize the level of taxes to be paid with respect to the Project; and

WHEREAS, Developer has made application under and has satisfied each condition of the laws of the State of Rhode Island and the Code of Ordinances of the City of Pawtucket with respect to stabilization of taxes; and

WHEREAS, the City and Developer have agreed that Developer or any other Project Owner will make or cause to be made certain stabilized tax payments to the City with respect to the Project; and

WHEREAS, this Agreement is in the public interest as it requires Developer, a commercial concern, to build a new structure in the City, significantly increasing the tax

base of the City and providing significant tax revenues, creating substantial employment opportunities in the City and enhancing property values in the City, as well as the overall economic climate of the City; and

WHEREAS, the payments made pursuant to this Agreement are fair and equitable and acceptable to the City and Developer.

NOW THEREFORE, in consideration of the mutual agreements, understandings and obligations set forth herein, the City and Developer agree as follows:

1. Confirmation of Findings. The findings set forth in the preceding WHEREAS clauses are hereby confirmed and incorporated into this Agreement.
2. Definitions. The following terms shall have the meanings set herein:
 - a. "Building(s)" shall mean the building(s) to be located on the Project Site, and any additions and/or extensions thereto.
 - b. "Commencement Date" shall mean the Effective Date of this Agreement.
 - c. "Construction Completion Date" shall be the later of (i) that date on which Developer shall complete the newly constructed Building(s), and a certificate of occupancy is issued therefor (with a temporary certificate of occupancy being sufficient for such purposes), or (ii) December 31, 2024 (unless extended, as set forth below). If there is more than one (1) Building to be located at the Project Site, then the Construction Completion Date shall be deemed to be satisfied when the initial Building is completed.
 - d. "Project Owner" means Developer or any successor permitted hereunder.
 - e. "Project Taxable Properties" means, collectively, the Project Site and the Property Improvements.
 - f. "Property Improvements" means all improvements to be located at Project Site and made between the date hereof and the Termination Date, which improvements will include construction of the base building (including, without limitation, site work and demolition work) and buildout of all interior space for any tenant/owner occupancy.
 - g. "Stabilization Period" means that period commencing on the Commencement Date and continuing through the Termination Date.
 - h. "Current Baseline Taxes" means, with respect to the Project Taxable Properties, the current property tax payment, which shall serve as

the baseline payment, to which incremental taxes shall be added during the stabilization period.

- i. “Stabilized Tax Payment” or “Stabilized Taxes” means, with respect to the Project Taxable Properties, baseline value as of 12/31/2022 and such additional amounts as expressly set forth in Exhibit “1” attached hereto and made a part hereof.
 - j. “Termination Date” shall mean that date which is one (1) day prior to that date which is the twentieth (20th) anniversary of the Construction Completion Date.
3. Term. The term (“Term”) of this Agreement shall be for a period commencing on, the Completion Date and terminating on the Termination Date.
4. Completion of Construction. The Developer shall construct the Building in accordance with all applicable codes on or before the Construction Completion Date in accordance with all applicable building and fire codes. Issuance of a certificate of occupancy or temporary certificate of occupancy for the Building shall be evidence of this requirement having been satisfied. If there is more than one (1) Building anticipated, the completion of the initial Building shall be sufficient to satisfy this requirement. In the event that the Developer does not complete construction of the Building on or before the Construction Completion Date, provided that the Developer is pursuing completion in good faith and with commercially reasonable efforts, the Developer shall be entitled to extend the Construction Completion Date by up to six (6) months by providing notice of such election to the City (with no further action by the Developer or the City being required to effectuate such extension).

In the event that the Developer has not completed construction of the Building as of the Construction Completion Date (as may be extended), then the City shall provide Developer with a notice of its intention to terminate this Agreement (“Termination Notice”). Developer shall have ninety (90) days following its receipt of a Termination Notice to complete the construction of the Building (the “Outside Termination Date”). In the event that the Developer fails to complete construction of the Building on or before the Outside Termination date, then the Agreement shall be deemed terminated, and the Developer retroactively shall pay the difference between the actual stabilized tax payments and what the Developer would have paid if ineligible for the stabilized tax payments (unless a further extension of the Construction Completion Date is approved by a majority vote of the City Council).

Notwithstanding anything contained herein to the contrary, in no event shall Developer be liable for any delays in Developer’s performance of its obligations hereunder, including, without limitation, completion of the Building on or before the Construction Completion Date or the Outside Termination Date, to the extent such delays arise out of or are caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or

military disturbances; acts of terrorism; sabotage; strikes; epidemics; pandemics; riots; power failures; delays caused by or exacerbated by the City or State of Rhode Island (including any of their agencies); computer failure and any other such circumstances beyond its reasonable control as may cause interruption, loss or malfunction of utility, transportation, computer (hardware or software) or telephone communication service; accidents; labor disputes; acts of civil or military authority; governmental actions; or inability to obtain labor, material, equipment or transportation (any such event, a “Force Majeure Event”). In the event of a Force Majeure Event, the time for performance of any such obligation (and the timing of the City’s exercise of any available remedy available to it for Developer’s failure to timely perform such obligation) shall be extended for a period equal to the time lost by reason of the delay, plus a reasonable amount of time to remobilize and/or provide such additional reasonable time as necessary to cure such failure to perform in light of the interruption caused by such Force Majeure Event.

5. Payment of Taxes.

- a. Developer shall make or cause to be made the current baseline taxes as well as the incremental Stabilized Tax Payments to the City as prescribed in the attached Exhibit “1” in lieu of all other real property taxes and assessments with respect to the Project Taxable Property during the Stabilization Period and the City agrees to accept the Stabilized Tax Payments in lieu of all such other real property taxes and assessments on the Project Taxable Property during the Stabilization Period.
- b. Stabilized Tax Payments due to the City during the Stabilization Period may be made at the option of Developer 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, such payments shall be due on the same dates that quarterly tax payments are due for all other taxpayers in the City.
- c. It is understood by the parties that Stabilized Tax Payments made hereunder are deemed by the City to be real property tax payments, and the Project Owner shall be entitled to all the rights and privileges of a real property taxpayer in the City.
- d. The liability for Stabilized Tax Payments due and owing under this Agreement shall constitute an obligation of Developer, and the City shall be granted by the Project Owner a lien on the Project Taxable Property, which lien shall be of the same priority and entitle the City to the same foreclosure remedy as the lien and foreclosure remedy provided under applicable laws and ordinances with respect to real property taxes.

6. Satisfaction of Obligations. The City agrees that so long as the Stabilized Tax Payments are made by or on behalf of the Project Owner in accordance with the terms of this Agreement, the City shall, during the Stabilization Period, accept said payments in full satisfaction of the obligations of the Project Owner as to the payment of any and all real property taxes and assessments to the City which would otherwise be levied upon or with respect to the Project Taxable Property during the Stabilization Period. To be clear, the City shall accept any payments due hereunder that are made by a lender or tenant of Project Owner.

7. Transfers. During the Stabilization Period, as long as Developer owns or operates the Project Taxable Properties, it will continue to pay the Stabilized Taxes on the Project Taxable Properties. Developer, its successors and assigns, agrees that the Project Taxable Properties will be subject to full taxation (i) until the Commencement Date, and (ii) commencing after the Termination Date in the same manner as the assessed value of other real and personal property is from time to time determined by the City. Except as set forth below, Developer also agrees not to transfer the Project Taxable Properties to a tax-exempt entity during the Term of this Agreement and to require any subsequent transferee to covenant not to transfer the Project Taxable Properties to a tax-exempt entity during the Term of this Agreement. Developer is also required as a condition precedent to this Agreement to record notice in the Land Evidence Records of the City of Pawtucket of the requirement that the Project Taxable Properties be transferred only to a taxpaying entity, except as provided herein, during the Term. Furthermore, in the event that the Project Taxable Properties are transferred to a tax-exempt entity during the Term of this Agreement, whether by Developer or any subsequent Project Owner, then this Agreement shall be deemed terminated, and such Project Owner shall be responsible to pay to the City all real property taxes and assessments at the full taxable value of the Project Taxable Properties for the period of time following such transfer and termination. Notwithstanding anything contained herein to the contrary, the benefits and burdens of this Agreement will run with the land, and this Agreement shall be fully transferrable to and run to the benefit of all successors in interest (including, without limitation, any lender taking ownership or control of the Project), other than as set forth above as to transfers to tax-exempt entities.

8. Audit Rights. Developer shall be required to maintain business records sufficient to establish compliance with Section 7 of this Agreement for a period of three (3) years from the date that any business enterprise or individual is hired by Developer to work at the Project Site during the Term of this Agreement. The City shall have the right to audit the applicable books and records of Developer during the Term of this Agreement and for a period of three (3) years after the expiration or termination of this Agreement. No more than one (1) audit will be conducted in any year and such audit will be limited to the preceding three (3) year period. Such audit shall be conducted upon reasonable advance written notice to Developer or, at a time which will not interrupt the normal business hours and at the City's sole cost and expense. The City represents, warrants

and covenants that it will not, during the term of this Agreement or any time thereafter, disclose any confidential or proprietary information obtained in connection with an audit.

9. Payment of Taxes. This Agreement is conditioned upon (a) Developer owing no back taxes to the City with respect to the Project Taxable Properties, and (b) Project Owner remaining current in the payment of Stabilized Taxes due under the terms of this Agreement. Upon Project Owner's failure to make said timely payments of Stabilized Taxes within thirty (30) days following written notice to Developer by the City of any delinquency in payment under this Agreement (unless a payment plan is under good-faith negotiation or has been approved by the Tax Collector of the City), the City may Terminate this Agreement, at the sole discretion of the City, upon issuance of a notice of such termination to Project Owner. Upon this Agreement being terminated, Project Owner shall thereafter be responsible to pay all real property taxes and assessments at the full taxable value of the Project Taxable Properties for the period of time following such termination.
10. Estoppel Certificate. Within ten (10) business days of request by Developer or any other Project Owner, the City will execute and deliver an estoppel certificate confirming the terms of this Agreement and that Developer is in compliance with the terms of this Agreement or, if not in compliance, specifying the particulars of such non-compliance.
11. Entire Agreement & Severability. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof. This Agreement may only be modified or amended in writing. No oral modification shall be enforceable or effective. To be clear, the City Tax Collector can execute any administrative, corrective, and/or clarifying amendments to this Agreement on behalf of the City without being required to seek approval of the City Council. The sections of this Agreement are severable, and if any of its sections or subsections shall be held unenforceable by any court of competent jurisdiction, the decision of the court shall not affect or impair any of the remaining sections or subsections.
12. 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 prepaid, return receipt requested and received or 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 a facsimile, telephone number or receipt and addressed to the party to receive such Notice as set forth below:

If to the City of Pawtucket: City of Pawtucket
Tax Assessor's Office
City Hall
137 Roosevelt Avenue

Pawtucket, RI 02860

Copies to:

President, City Council
c/o City Clerk City Hall
137 Roosevelt Avenue
Pawtucket, RI 02860

City Solicitor
City Hall
137 Roosevelt Avenue
Pawtucket, RI 02860

Department of Planning and Redevelopment
Attn.: Director
City Hall
137 Roosevelt Avenue . Pawtucket, RI
02860

If to Developer:

Blackstone Distribution Center, LLC
c/o JK Equities, LLC
2 Seaview Blvd., Ste. 203
Port Washington, NY 11050

Copy to:

DarrowEverett LLP
One Turks Head Place
12th Floor
Providence, RI 02903
Attn.: CRE Notices

13. Reports. Until the Construction Completion Date, the Developer will issue quarterly reports to the Pawtucket City Council on the progress of the Project.
14. Effective Date. This Agreement shall take effect upon approval of this Agreement by the Pawtucket City Council, and approval by the Mayor.

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EXHIBIT 1

Base Value \$1,108,100 - Annual Tax \$32,157

Upon Construction Completion Date (Annually):

Tax year 1 \$32,157

Tax year 2 \$32,157

Tax year 3 \$32,157

Tax year 4 \$64,314

Tax year 5 \$64,314

Tax year 6 \$64,314

Tax year 7 \$128,628

Tax year 8 \$128,628

Tax year 9 \$128,628

Tax year 10 \$257,256

Tax year 11 \$351,377

Tax year 12 \$380,397

Tax year 13 \$409,417

Tax year 14 \$438,437

Tax year 15 \$467,457

Tax year 16 \$496,477

Tax year 17 \$525,497

Tax year 18 \$554,517

Tax year 19 \$583,537

Tax year 20 \$612,557

Based on a \$20,000,000 value of the planned improvements and current land value