MEMORANDUM OF UNDERSTANDING
with respect to
VOLUNTARY PAYMENTS
to be paid to the
CITY OF PROVIDENCE, RHODE ISLAND
by
BROWN UNIVERSITY
and
RHODE ISLAND SCHOOL OF DESIGN
and
PROVIDENCE COLLEGE
and
JOHNSON & WALES UNIVERSITY
Dated as of June 5, 2003

PARTIES:

The City: The City of Providence, Rhode Island is a municipal corporation, located in The State of Rhode Island, having a mailing address of Department of Administration, City Hall, 25 Dorrance Street, Providence, Rhode Island 02903.

Brown: Brown University is an independent, private, non-profit, tax-exempt, Rhode Island institution of higher education established in 1764 by colonial charter and existing pursuant to the law of the State of Rhode Island, having a mailing address of University Hall, One Prospect Street, Providence, Rhode Island 02912.

RISD: Rhode Island School of Design is an independent, private, non-profit, tax-exempt, Rhode Island institution of higher education established by charter and existing pursuant to the law of the State of Rhode Island, having a mailing address of Two College Street, Providence, Rhode Island 02903.

PC: Providence College is an independent, private, non-profit, tax-exempt, Rhode Island, Roman Catholic religious institution of higher education, established by charter and existing pursuant to the law of the State of Rhode Island, having a mailing address of 549 River Avenue, Providence, Rhode Island 02918.

J&W: Johnson & Wales University is an independent, private, non-profit, tax-exempt, Rhode Island institution of higher education, established by charter and existing pursuant to the law of the State of Rhode Island, having a mailing address of 8 Abbott Park Place, Providence, Rhode Island 02903.

The Institutions: Collectively, Brown, RISD, PC, and J&W.

INTRODUCTION:

This Memorandum of Understanding (“Memorandum”) between the four Institutions and
the City sets forth the understandings of the parties with respect to financial assistance to be provided to the City by the Institutions.

By entering into this Memorandum, the Institutions acknowledge the importance of the relationship between the Institutions and the City and, therefore, agree to make additional voluntary contributions to the City. The parties recognize that the Institutions, like other non-profit, religious, and charitable organizations, provide substantial economic and non-economic benefits to the City and the community.

THE UNDERSTANDING OF THE PARTIES:

While this Memorandum is in effect, each of the Institutions will make voluntary contributions to the City as described in this Memorandum.

1.0 Voluntary Payments.

1.1 Voluntary Payments. Each of the Institutions will volunteer payments to the City which will be comprised of the “Voluntary Payment” described in Section 1.1.1, the “Augmented Voluntary Payment” described in Section 1.1.2, and the “Transition Payments” described in Section 2.2.

1.1.1 Voluntary Payment. The Voluntary Payment will be paid in equal semiannual payments on December 1 and May 1 beginning on December 1, 2003 and the Voluntary Payment will cease and will be zero after May 1, 2023. The amount of the “Voluntary Payment” for each of the Institutions for each of the twenty applicable fiscal years of the City is listed in the schedule in Exhibit A.

1.1.2 Augmented Voluntary Payment. The Augmented Voluntary Payment also will be paid in equal semiannual payments on December 1 and the following May 1 beginning on December 1, 2003. The Augmented Voluntary Payment will cease and will be zero after May 1, 2007. The amount of the “Augmented Voluntary Payment,” for each of the Institutions for each of the four applicable fiscal years, is listed in the schedule in Exhibit B.

1.1.3 New Properties. The Institutions have recently acquired, or are in the process of acquiring, the properties listed in the schedule in Exhibit B (the “New Properties”) and have volunteered the Augmented Voluntary Payments in lieu of any Transition Payments relating to the New Properties. If, while this Memorandum is in effect, a full or partial payment of real estate taxes is paid to the City with respect to a New Property (other than with respect to taxes being paid by J&W for the New Properties owned by J&W, which tax payments are not covered by this Memorandum), the Institution shall be entitled to use such payment as an offset to reduce the amount of the Augmented Voluntary Payment. In addition, if an Institution should for any reason fail to complete the acquisition transaction for a New Property in whole or in part, then no Augmented Voluntary Payment will be made with respect to such New Property (or the Augmented Voluntary Payment will be reduced pro rata if only a portion of such New Property is acquired) and any previously paid Augmented Voluntary Payments relating to such
New Property (or portion thereof not acquired) will be credited toward other voluntary payments to be made by that Institution hereunder.

2.0 Transition Arrangements for Future Acquisitions.

2.1 Acquisition Parcels. If, at any time while this Memorandum is in effect, any Institution acquires a parcel of real estate in the City (other than a New Property) that is subject to real estate taxes, but will as a result of such acquisition become tax-exempt, then each such parcel shall be deemed to be a “Transition Parcel”. Each Institution agrees to notify the City of its future acquisition of any parcel of real estate in the City to the same extent that other non-profit tax-exempt entities are required to provide notice of acquisition of property to the City pursuant to Rhode Island law or pursuant to any City ordinance that is uniformly applied to all non-profit, tax-exempt entities.

2.2 Transition Payments. After a Transition Parcel becomes exempt from real estate taxes, the Institution will contribute “Transition Payments” according to the Transition Payment Schedule listed below while this Memorandum is in effect. These payments are referred to as “Transition Payments” because they are intended to reduce the impact upon the City caused by the acquisition of the Transition Parcel by the Institution. One-half of the Transition Payment for a Transition Parcel will be paid on May 1 and one-half will be paid on December 1 of the applicable Calendar Years following the assessment date as of when the Transition Parcel becomes a tax-exempt parcel.

Transition Payment Schedule for a Transition Parcel (or portion thereof)

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Amount of Transition Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Initial Year</td>
<td>100% of Initial Transition Payment</td>
</tr>
<tr>
<td>2. Second Year</td>
<td>100% of Initial Transition Payment</td>
</tr>
<tr>
<td>3. Third Year</td>
<td>100% of Initial Transition Payment</td>
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<tr>
<td>4. Fourth Year</td>
<td>100% of Initial Transition Payment</td>
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<tr>
<td>5. Fifth Year</td>
<td>100% of Initial Transition Payment</td>
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<tr>
<td>6. Sixth Year</td>
<td>66.7% of Initial Transition Payment</td>
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<tr>
<td>7. Seventh Year</td>
<td>66.7% of Initial Transition Payment</td>
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<tr>
<td>8. Eighth Year</td>
<td>66.7% of Initial Transition Payment</td>
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<tr>
<td>9. Ninth Year</td>
<td>66.7% of Initial Transition Payment</td>
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<tr>
<td>10. Tenth Year</td>
<td>66.7% of Initial Transition Payment</td>
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<tr>
<td>11. Eleventh Year</td>
<td>33.3% of Initial Transition Payment</td>
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<td>12. Twelfth Year</td>
<td>33.3% of Initial Transition Payment</td>
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<tr>
<td>13. Thirteenth Year</td>
<td>33.3% of Initial Transition Payment</td>
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<tr>
<td>14. Fourteenth Year</td>
<td>33.3% of Initial Transition Payment</td>
</tr>
<tr>
<td>15. Fifteenth Year</td>
<td>33.3% of Initial Transition Payment</td>
</tr>
</tbody>
</table>

2.3 Amount of Initial Transition Payment. The amount of the “Initial Transition Payment” for an exempted Transition Parcel shall be equal to the real estate taxes that were
payable (after applicable abatements or any appeals that were pending when the Transition Parcel was acquired by the Institution or as otherwise legally permitted) with respect to such exempted Transition Parcel with respect to the Tax Year in which the Institution acquired the Transition Parcel. If such Transition Parcel should thereafter cease for any reason to be tax-exempt, then Transition Payments with respect to that Transition Parcel will be suspended, so long as the Transition Parcel remains taxable. If such Transition Parcel returns to tax-exempt status while this Memorandum is in effect, the Transition Payments will resume at the same point in the schedule that they were suspended. *For clarity, in no event will a Transition Payment and a real estate tax payment be made with respect to the same Transition Parcel for any one calendar year. For example, if the 6th Transition Payment is made, and the Transition Parcel becomes taxable for seven years, then when it becomes tax-exempt in the next year, the 7th Transition Payment would be made in the amount equal to 66.7% of the Initial Transition Payment.*

**3.0 Miscellaneous.**

3.1 **Voluntary Undertakings.** All parties agree that this Memorandum is a voluntary undertaking by the Institutions that was entered into even though the properties utilized by the Institutions are exempt from taxation and that the parties expect that such tax exemption will continue into the future. In the event, however, that Other Payments or Taxes (as defined in Section 3.5 of this Memorandum) are imposed upon any of the Institutions or their properties in the future that were not imposed upon the Institutions or their properties as of the date of the execution of this Memorandum, all parties agree that this Memorandum will terminate as to all of the Institutions thirty (30) days after the imposition of such taxes or fees, however any Institution may elect, in writing and at its sole option, within such thirty (30) day period, to continue this Memorandum in effect with regard to that Institution. For the purpose of interpreting this Section 3.1 only, the parties agree that the City may challenge the tax-exempt eligibility of any particular parcel based upon the use of such property utilizing any challenge that is legally available to the City as of the date of the execution of this Memorandum and for the purpose of interpreting this Section 3.1 only, the term Other Taxes or Payments shall exclude any property taxes that could be lawfully assessed or imposed as of the date of this Memorandum upon any Institution, or upon any property of any Institution, based upon the use of such property.

3.2 **Exemption of MOU Properties.** The term “MOU Properties” refers to the New Properties and any Transition Parcels that are covered from time to time by this Memorandum.

3.3 **Tax-Exemption.** The parties agree that nothing in this Memorandum affects, alters, diminishes or increases the legal status, force, or effect of the Institutions’ tax exemption. Each Institution represents to the City that it is a charitable corporation and is exempt from Federal income taxes under § 501(c)(3) of the Internal Revenue Code, as amended.

3.4 **Change in Laws.** The City agrees that, if at any time after the date of this Memorandum, there is a change in state laws resulting in the imposition of a tax whether in the nature of a user fee or otherwise (or there is an obligation in the nature of a real estate tax,
regardless of the basis upon which the tax is calculated, or there is an obligation that has the
effect of such a tax), with the result in any such event that directly or indirectly any Institution is
required to make payments directly or indirectly to the City with respect to all or any portion of
the MOU Properties then, while this Memorandum remains in effect, such payment(s) will be
 credited against and shall reduce the Transition Payment and any other payments that each
Institution has volunteered to make under this Memorandum.

3.5 Other Payments or Taxes. If, while this Memorandum is in effect, the City assesses
or imposes any taxes, fees, charges, or payments that are not in effect as of the date this
Memorandum is executed ("Other Payments or Taxes") in respect to any Institution’s tax-
exempt properties or that have the effect of a tax on any Institution or on any Institution’s
currently tax-exempt property or currently tax-exempt operations, then in addition to any other
right that such Institution may have, the Institution may contest the making of such Other
Payments or Taxes and/or may offset (i.e., deduct) such Other Payments or Taxes from the
Transition Payments or other payments volunteered to be made under this Memorandum and pay
the Other Payments or Taxes under protest reserving the Institution’s rights. The term “Other
Payments or Taxes” shall exclude water and sewer use charges and the like, and other fees
charged to property, but only if they are uniformly applicable to similar property (regardless of
ownership or use) in the City. In no event shall a decision by an Institution to continue this
Memorandum in effect despite the imposition of Other Payments or Taxes constitute or be
construed as an admission that such Other Payments or Taxes may lawfully be imposed. An
Institution reserves the right to challenge the imposition of Other Payments or Taxes regardless
of whether it chooses to continue this Memorandum in effect.

3.6 Notice of Intent Not to Pay. Each Institution’s voluntary undertaking to make the
Voluntary Payments described in this Memorandum has been memorialized in this document to
permit the City to take into account such payments when it prepares budgets for the City. With
regard to any payments referred to in this Memorandum, it will be each Institution’s decision on
a yearly basis whether to make such payments due during a fiscal year, and each Institution will
give notice to the City of such decision at least fourteen months before the fiscal year in which
such payments will not be made.

3.7 General. Captions and section titles are for convenience of reference only, and shall
not be used to construe this Memorandum. References to a Section include subsections thereof.
The term “including” shall be interpreted to mean “including without limitation,” unless the
context otherwise expressly specifies. Footnotes and italicized explicative provisions are
material parts of this Memorandum as fully as if set forth in the body of this Memorandum in
regular typeface. This Memorandum may be executed in any number of counterparts, each of
which shall be deemed an original, and all of which shall be deemed to constitute one
instrument. This Memorandum constitutes the entire understanding between the parties and
supersedes all previous discussions, negotiations, and agreements between the City and the
Institutions with respect to the understandings herein.

3.8 Duration of this Memorandum. This Memorandum shall continue in effect until June
30, 2023, unless sooner terminated as provided herein.

3.9 Sales Terminate Undertaking. The Institution’s voluntary undertaking to make the Transition Payments described in this Memorandum will terminate as to a specific MOU Property upon the sale or other disposition of such MOU Property to a corporation, partnership, limited partnership, trust, or other legal entity, that is not owned or controlled by an Institution.

IN WITNESS WHEREOF, each of the parties has caused this Memorandum to be executed by their respective duly authorized officers as of the day and year first written above.

THE CITY OF PROVIDENCE

By: __________________________

Approved as to form and correctness

By: __________________________

BROWN UNIVERSITY

By: __________________________

RHODE ISLAND SCHOOL OF DESIGN

By: __________________________

PROVIDENCE COLLEGE

By: __________________________

JOHNSON & WALES UNIVERSITY

By: __________________________
### Exhibit A

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Brown</th>
<th>J&amp;W</th>
<th>PC</th>
<th>RISD</th>
<th>Total</th>
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**Total:** $40,003,944
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<tr>
<th>Fiscal Year ending</th>
<th>Brown</th>
<th>J&amp;W</th>
<th>PC</th>
<th>RISD</th>
<th>Total Annual Augmented Voluntary Payment</th>
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<td>$76,000</td>
<td>$1,602,000</td>
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<td>$326,000</td>
<td>$114,000</td>
<td>$76,000</td>
<td>$1,602,000</td>
<td>$2,118,000</td>
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<td>30-Jun-06</td>
<td>$326,000</td>
<td>$114,000</td>
<td>$76,000</td>
<td>$1,602,000</td>
<td>$2,118,000</td>
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<td>$114,000</td>
<td>$76,000</td>
<td>$1,602,000</td>
<td>$2,118,000</td>
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<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$8,472,000</strong></td>
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**New Properties**

0 Harborside Boulevard (Plat 56, Lots 74, 308, 315)
250 Shipyard Street (Plat 56, Lot 330)
310 Shipyard Street (Plat 56, Lot 292)
25 Fields Point (Plat 56, Lot 257)
541 Smith Street (Plat 69, Lot 13)
539 Smith Street (Plat 69, Lot 14)
90 Ruggles Street (Plat 69, Lot 22)
25 Dickens Street (Plat 69, Lot 37)
21 Dickens Street (Plat 69, Lot 352)
10 Park Lane (Plat 50, Lot 721)
70 Ship Street (Plat 21, Lot 105)
15 Westminster Street (Plat 20, Lots 1, 2)