



# Town of Johnston

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## RESOLUTION OF THE TOWN COUNCIL No. 2021-29

In Favor:

Opposed:

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Council President

Date

Be it resolved that:

Whereas, *The Johnston Town Council held a public hearing pursuant to Rhode Island General Laws Section 44-3-9 to authorize a Tax Stabilization Agreement ("Agreement") between the Town of Johnston and Amazon.com Services, LLC/Owner for real property located in the Town of Johnston identified as Assessor's Plat 54, Lots 39, 40, 42, 54, 61, 75, 89, 90, and 93, located at Hartford Avenue, Johnston, Rhode Island, consisting of approximately 195 acres of land. Said Agreement shall also include any improvements constructed on the property and any and all personal property located thereon. Said public hearing was held on September 15, 2021 at 7:00 p.m. at the Johnston High School Auditorium, located at 345 Cherry Hill Road, Johnston, RI 02919;*

*Now therefore, be it resolved that: we, the members of the Johnston Town Council state that a public hearing was held, and we hereby authorize Mayor Joseph M. Polisena to enter into the attached Tax Stabilization Agreement between the Town of Johnston, Amazon.com Services, LLC/Owner for the properties noted above.*

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*Robert V. Russo- President  
District-4*

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*Joseph M. Polisena, Jr., Vice-President  
District-3*

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*Linda L. Folcarelli, Councilwoman  
District-1*

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*Lauren A Garzone, Councilwoman  
District-2*

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*Robert J. Civetti., Councilman  
District-5*

Attest:

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*Vincent P. Baccari, Jr., Town Clerk*

**Official Document**

## **Tax Stabilization Agreement**

This Tax Stabilization Agreement (this "Agreement") is made and entered into as of the day of \_\_\_\_\_, 2021 by and between the Town of Johnston, a Rhode Island municipal corporation (the "Town") and Amazon.com Services LLC, a Delaware limited liability company ("Amazon"), and \_\_\_\_\_ a \_\_\_\_\_ ("Owner"). The Town, Amazon and Owner are referred to herein collectively as the "Parties" and individually as a "Party."

### **WITNESSETH:**

WHEREAS, the Johnston Town Council, pursuant to Section 44-3-9 of the General Laws of the State of Rhode Island, as amended ("Section 44-3-9"), and 1999 Rhode Island Public Laws 101, has the authority to determine a stabilized amount of taxes to be paid on account of property in the town of Johnston used for commercial purposes if the property owner meets certain conditions set forth in Section 44-3-9; and

WHEREAS, it is in the public interest to provide property tax incentives for owners of qualifying properties meeting the criteria of Section 44-3-9 in order that there may be development or redevelopment of properties for industrial, manufacturing and commercial uses; and

WHEREAS, Amazon is a leader in the emerging e-commerce industry, and seeks to be Earth's most customer-centric company with a focus on selection, price and convenience; for additional information about Amazon and its business operations, refer to Amazon's most recent SEC 10-K filing available at <https://ir.aboutamazon.com/>; and

WHEREAS, Amazon has selected the Town to locate a new, state-of-the art Amazon Robotics Sortable Fulfillment Center, consisting of an approximately 3,864,972 square foot building and other substantial site improvements (the "Facility"), such Facility representing Amazon's state-of-the-art distribution center, employing the latest technologies and innovations; and

WHEREAS, contingent upon this Agreement, Amazon will lease from Owner real property in the Town identified as Assessor's Plat 54, Lots 39, 40, 42, 54, 61, 75, 89, 90 and 93 and located at Hartford Avenue, Johnston, Rhode Island (the "Property"), consisting of approximately 195 acres of land, upon which Amazon and Owner propose to develop the Facility; and

WHEREAS, pursuant to Section 44-3-9 (a)(1)(i)(A), the Johnston Town Council hereby finds that the willingness of Amazon to locate the Facility in the Town will inure to the benefit of the Town and result in long-term economic benefits to the Town and the State of Rhode Island (the "State") because:

- i. The Facility is anticipated to increase employment within the Town by at least 1,500 new jobs, with benefits such as health insurance;

- ii. Particularly in consideration of the national profile of Amazon as a leader in the emerging e-commerce industry, the location of the Facility in the Town will enhance the business reputation of the Town, and will increase economic opportunity in the Town through the patronage of local small businesses and collateral new and increased employment created to support the Facility;
- iii. This Agreement provides a substantial and determinable tax revenue stream to the Town, which cannot be reduced due to fluctuating economic conditions or property values; and

WHEREAS, pursuant to Section 44-3-9 (a)(1)(i)(D), the Johnston Town Council hereby finds that the Facility will improve the Property, which is a challenging site for development; and

WHEREAS, pursuant to Section 44-3-9 (a)(1)(ii), the Johnston Town Council hereby finds that granting the stabilization of taxes will inure to the benefit of the Town by reason of the willingness of the Amazon to construct a new, modern, state-of-the-art building and associated facilities, resulting in an increase in commercial investment in the Town; and

WHEREAS, development in accordance with this Agreement will generate new revenue as provided herein without increasing the school age population in the Town; and

WHEREAS, the Property currently generates \$60,084.00 in annual tax revenue for the Town, therefore this Agreement represents a \$5,639,916.00, or 9,387% initial increase in tax revenue, with fixed annual increases of 2.5%; and

WHEREAS, this Agreement represents an average tax revenue of \$7,280,227.42 over the 20-year term of this Agreement, representing a \$7,220,143.42, or 12,016% average increase in tax revenue over the current tax revenue for the Property; and

WHEREAS, the Johnston Town Council has determined, after a duly noticed public hearing in accordance with Section 44-3-9(a)(1), that granting Amazon and Owner the benefit of stabilized taxes as set forth in this Agreement will inure to the benefit of the Town by reason of the willingness of the Amazon to construct the Facility on the Property with modern buildings, facilities, fixtures, equipment and other improvements, which actions are expected to result in the improvement and productive commercial use of underutilized land, significant increases in the tax base of the Town, creation of employment opportunities, enhancement of property values, and long term economic benefit to the Town and to the State; and

WHEREAS, Section 44-3-9 provides that the Town, Owner and Amazon may make an agreement with respect to the stabilization of all real and personal property taxes with respect to the Facility; and

WHEREAS, the stabilization of taxes made pursuant to this Agreement are fair and equitable, and acceptable to the Town, Owner and Amazon.

NOW, THEREFORE, in consideration of the mutual agreements, understandings and obligations set forth herein, upon acceptance hereof by Amazon and the Owner, the Town, Owner and Amazon agree as follows:

1. **Confirmation of Findings.** The Parties hereby ratify and confirm the facts and findings set forth in the preceding WHEREAS clauses, which are hereby incorporated by reference herein and made part hereof.
2. **Definitions.** The following terms shall have the meanings therein:
  - a. "Amazon" means Amazon.com Services LLC or any assignee of Amazon pursuant to Section 7 herein.
  - b. "Commencement Date" shall mean January 1, 2024.
  - c. "Facility" means the improvements intended to be constructed and installed by Owner and Amazon in and on the Real Property, to be used for commercial purposes.
  - d. "Personal Property" shall mean any and all furniture, fixtures, equipment, goods, chattels, effects and other personal property located at the Real Property.
  - e. "Owner" means \_\_\_\_\_ or any other successor owner of the Real Property during the Term of this Agreement.
  - f. "Property" means, collectively, the Real Property, the Facility and any other improvements constructed on the Real Property from time to time, and any and all Personal Property located thereon from time to time.
  - g. "Real Property" means that certain land and real property in the town of Johnston identified on Assessor's Plat 54, Lots 39, 40, 42, 54, 61, 75, 89, 90 and 93.
  - h. "Termination Date" means December 31, 2043.
3. **Term.** The term ("Term") of this Agreement shall be for a period of twenty (20) years, beginning on the Commencement Date hereof and terminating on the Termination Date. Notwithstanding the foregoing, Amazon may at any time terminate this Agreement for its convenience at any time prior to the Termination Date upon written notice to the Town and Owner. Upon such termination, all the obligations of the Parties shall terminate (including Amazon's obligation to pay Stabilized Tax Payments) and the Property shall thereafter be taxable according to normal property assessment and taxation rules that are applicable to privately-owned property.
4. **Payment of Taxes.**
  - a. Amazon shall make stabilized tax payments to the Town in the amount set forth on Schedule A attached hereto and made a part hereof, per tax year (the "Stabilized Tax Payments"), in lieu of any and all other real and personal property taxes and assessments otherwise assessable or payable with respect to the Property during the Term, and the Town agrees to accept the Stabilized Tax Payments in lieu of all such other real and personal property taxes and assessments otherwise assessable or payable with respect to the Property.
  - b. Stabilized Tax Payments due to the Town pursuant to the terms of this Agreement may be made, at the option of Amazon, 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 real estate tax payments are due for all other taxpayers in the Town.

- c. It is understood by the Parties that Stabilized Tax Payments made hereunder are deemed by the Town to be real and personal property tax payments, and Amazon and the Owner shall be entitled to all the rights and privileges of a real property taxpayer in the Town.
- d. The liability for Stabilized Tax Payments due and owing under this Agreement shall constitute an obligation of Amazon.

[TO BE CONFIRMED THAT AMAZON WILL MAKE ALL STABILIZED TAX PAYMENTS DIRECTLY (AS CURRENTLY DRAFTED) AS OPPOSED TO PAYMENTS BEING MADE BY OWNER AND REIMBURSED BY AMAZON]

**5. Obligations.**

- a. Amazon and Owner shall acquire all necessary Federal, State and Town permits and approvals required for the construction of the Facility (the "Permits").
- b. Amazon shall use good faith efforts to notify (by electronic mail) the Town of all non-executive job opportunities at the Facility, and consents to the Town (if it chooses to do so) posting such job opportunities by publication in such newspapers or other media as the Town may select

6. **Satisfaction of Obligations.** The Town agrees that so long as the obligations set forth in the Agreement are satisfied, and the Stabilized Tax Payments are made by Amazon in accordance with the terms of this Agreement, the Town shall, during the Term of this Agreement, accept said payments in full satisfaction of the obligations of Amazon and Owner as to the payment of any and all real and personal property taxes and/or assessments to the Town, which would otherwise be levied upon or with respect to the Facility or Property during the Term of this Agreement.

7. **Transfer of Property.** This Agreement may not be assigned by any Party without the prior written consent of the other Parties, except that Amazon may assign this Agreement to an Affiliate or in connection with any merger, reorganization, sale of all or substantially all of its assets or any similar transaction. Further, Owner may sell, transfer or assign ownership of the Real Property or any portion thereof or improvements thereon at any time without the prior written consent of the Town (but with the prior written consent of Amazon). The benefits and obligations of this Agreement shall inure to, and be binding upon, any future Project Owner. "Affiliate" means any entity that directly or indirectly controls, is controlled by, or is under common control with Amazon.

8. **Payment of Taxes.** This Agreement is conditioned upon Amazon performing its obligations under the terms of this Agreement. In the event Amazon fails to make Stabilized Tax Payments (or, if any Stabilized Tax Payments are delinquent, pursuant to any payment plan which has the approval of the Town Finance Director, Town of Johnston, in writing), and fails to cure such failure within thirty (30) days following written notice by the Town of any delinquency in payment of any Stabilized Tax Payments under this Agreement (unless a payment plan is under good-faith negotiation or has been approved by the Town Finance Director), the Town may terminate this

Agreement on ten (10) days' written notice to Amazon, whereupon (unless Amazon has cured the lack of payment prior to or on the date thereto) this Agreement shall terminate upon the expiration of such ten (10) day period. Upon such termination of this Agreement, Amazon or Owner as the case may be (or any future owner of the Property) shall, from and after such termination, pay all real and personal property taxes payable with respect to the Property without the benefit of the Stabilized Tax Payments set forth in this Agreement.

9. **Approval of Facility and Purchase of Property.** Notwithstanding anything to the contrary contained herein, this Agreement shall be terminated and of no further effect in the event Owner (or an Affiliate thereof) has not acquired the Property, or Owner or Amazon has not obtained the Permits, prior to the Commencement Date.
10. **Authorization.** Each of the Town, Amazon and Owner represent and warrant to the other that that each Party has the full power and authority to execute and deliver this Agreement, all necessary action has been taken to enter into this Agreement, and that the persons signing this Agreement on behalf of each Party has been duly authorized to do so.
11. **Binding Agreement.** This Agreement shall be binding, and inure to the benefit of the Parties and their respective assigns and successors.
12. **Warranties and Stipulations Regarding the Applicability of Section 44-3-9.** The Town hereby represents and warrants to Amazon and Owner that the determination of the stabilized amount of taxes, benefits, and incentives provided and conferred herein to Amazon and the Owner are legally valid and enforceable under Section 44-3-9, and binding upon the Town and all of its agencies and instrumentalities, including, without limitation, the Town Tax Assessment Department and the Town Tax Assessor, who joins in this Agreement and hereby ratifies and confirms the terms hereof (and further confirms and ratifies the foregoing representations and warranties in this paragraph). The Town and Tax Assessor acknowledge that each of Amazon and Owner is relying upon the foregoing representations, warranties, confirmations and stipulations set forth herein in moving forward with a significant investment in the acquisition of the Property and in the development of the Facility, and also in declining and forfeiting opportunities to develop the Facility in other favorable locations in other cities and towns throughout the United States (including, without limitation, declining tax and other business incentives from other municipalities).
13. **Entire Agreement.** No promise, inducement, representation, or agreement not herein expressed has been made to any Party. This Agreement contains the entire agreement between the Parties and supersedes all prior agreements and understandings, both written and oral, among the Parties. With the exception of the termination right set forth in Section 3 above, this Agreement cannot be amended, released, discharged, changed, modified, or terminated in any manner without the consent, in writing, of all the Parties hereto.

14. **Advice of Counsel.** Each Party to this Agreement acknowledges that it has had the benefit of advice of competent legal counsel with respect to its decision to enter into this Agreement. The language of all parts of this Agreement will in all cases be construed as a whole in accordance with its fair meaning and shall not be construed for or against any Party hereto.
15. **Survival of Provisions.** If any portion, term or provision of this Agreement shall to any extent be declared illegal or unenforceable by a duly authorized court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in such circumstances, other than those in which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
16. **Notices.** All notices, certificates, requests, demands, consents, approvals, and other communications which may or are required to be served or given hereunder 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 Town of Johnston:

Town of Johnston  
Town Hall  
1385 Hartford Avenue  
Johnston, Rhode Island 02919  
Attn: Town Council, President

Copies to:

Town Solicitor  
Town of Johnston  
Town Hall  
1385 Hartford Avenue  
Johnston, Rhode Island 02919

If to Amazon:

Amazon.com Services LLC  
410 Terry Avenue North  
Seattle, Washington 98121  
Attn: Vice President, Economic  
Development  
Facsimile: (206) 266-7010

Amazon.com Services LLC  
2121 7<sup>th</sup> Avenue  
Seattle, Washington 98121  
Attn: Economic Development  
Compliance

Amazon.com Services LLC  
P.O. Box 81226  
Seattle, Washington 98108-1226  
Attn: General Counsel & Real Estate  
Facsimile: (206) 266-7010

If to Owner:

17. Applicable Law. This Agreement shall be construed under the laws of the State of Rhode Island.

[Remainder of Page Intentionally Left Blank; Signatures on Next Page]



IN WITNESS WHEREOF, the undersigned Parties have caused this Agreement to be executed by their representatives thereunto duly authorized as of the day and year first set forth above.

TOWN:

TOWN OF JOHNSTON  
a Rhode Island municipal corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: President, Town Council, pursuant  
to vote of Town Council on \_\_\_\_\_

Approved as to form and correctness:

\_\_\_\_\_  
Town Solicitor

TAX ASSESSOR:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Town Assessor of the Town of  
Johnston, Rhode Island

PROJECT OWNER:

AMAZON.COM SERVICES  
LLC \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

OWNER:

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE A**  
**Schedule of Stabilized Tax Payments**

<b>Year</b>	<b>Annual Tax Payment</b>
1 <sup>1</sup>	\$5,700,000.00
2	\$5,842,500.00
3	\$5,988,562.50
4	\$6,138,276.56
5	\$6,291,733.47
6	\$6,449,026.81
7	\$6,610,252.48
8	\$6,775,508.79
9	\$6,944,896.51
10	\$7,118,518.92
11	\$7,296,481.90
12	\$7,478,893.94
13	\$7,665,866.29
14	\$7,857,512.95
15	\$8,053,950.78
16	\$8,255,299.54
17	\$8,461,682.03
18	\$8,673,224.08
19	\$8,890,054.69
20	\$9,112,306.05

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<sup>1</sup> Year one taxes prior to Certificate of Occupancy will be pro rated monthly based on the % of construction completed as of January 1.