

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

BETWEEN

THE CITY OF CONCORD (“CITY”)

AND

FELLOWSHIP HOUSING OPPORTUNITIES, INC. AND AFFILIATES, FELLOWSHIP HOUSE, INC., FELLOWSHIP APARTMENTS, INC., FAYETTE STREET PROJECT, INC. AND WASHINGTON COURT, INC. (COLLECTIVELY REFERRED TO AS (“FELLOWSHIP”)

This Agreement is made as of ____day of May, 2016 pursuant to RSA 72:23-n between the City, a municipal corporation established under the laws of the State of New Hampshire, having a place of business at 41 Green Street, Concord, NH 03301, and Fellowship all of which are organized under the laws of the State of New Hampshire as non-profit organizations and having a place of business at 36 Pleasant Street, Concord, NH 03301.

Whereas, Fellowship are New Hampshire non-profit corporations and are established to provide affordable housing for very low income adults with mental illness and persons with disabilities, and behavioral health services; and

Whereas, Fellowship owns real estate located within the City of Concord at the following locations; 10 Jackson Street, 22 Fayette Street, 70 Washington Street, 12 Allison Street, 106 S. State Street, 11 Chesley Street, and 36 Pleasant Street (the “Properties” or individually as a “Property”); and

Whereas, Fellowship has requested that the City recognize them as a charitable organization pursuant to RSA 72:23-1; and

Whereas, subject to the terms of this Agreement, Fellowship is willing to make a payment in lieu of taxes and the City of Concord is willing to accept a payment in lieu of taxes for the Properties, as set forth in this Agreement; and

Whereas, the City Council for the City of Concord voted to approve this Agreement for a Payment In Lieu of Taxes under RSA 72:23-n on May 9, 2016; and

Whereas, the assessment year in New Hampshire is April 1 through March 31 and the tax rate for the City is not set until late fall following the April 1; and

Whereas, both the City and Fellowship wish to have a reasonable level of assurance of an expected income and payment, respectively, for the Properties for budgetary purposes; and

Whereas, each April, Fellowship shall report to the City Assessing Department any physical changes or improvements which have occurred since the previous April 1 to any of the Properties.

NOW THEREFOR, the Parties agree as follows:

1. Annually, upon receipt of information regarding the physical changes and improvements to the Properties, the Assessing Department will inspect, review, and amend/correct the assessments for such applicable Properties.
2. This Agreement shall not impede the Assessing Department from assessing the Properties in accordance with any revaluations, statistical updates, or other methods of assessing properties.
3. It is agreed that each of the Properties will be treated as exempt from real property taxation during the term of this Agreement provided that each of the Properties continues to be used and occupied in accordance with those purposes which qualify the Fellowship Properties as a charitable organization and the charitable tax exemption, and provided further that each of the Properties is not acquired by or converted to a for-profit business or other non-exempt purpose.
4. Fellowship agrees to make the following filings with the City's Assessing Department:
 - A. On or before April 15 each year, an annual application for the charitable exemption as required under RSA 72:23-c, I.
 - B. On or before April 15 each year, an annual statement of physical changes/improvements to any of the Properties, as noted earlier in this Agreement.
 - C. Before June 1 each year, the statement of financial condition and such other information required under RSA 72:23,VI to enable the City to evaluate Fellowship's claim that the Properties continue to be entitled to the charitable exemption from property tax.
5. Annually, in connection with each of the Properties, Fellowship shall pay, in lieu of taxes, a sum equal to the previous years' annual assessed value of each of the Properties, as amended by any changes/corrections for new construction and improvements to each of the Properties, multiplied by the City portion of the previous years' tax rate. For example, if the cumulative assessed values of all Fellowship Properties for 2015 was \$1,350,000 and improvements/additions equating to \$10,000 in assessment were added on or before April 1, 2016, the payment in lieu of taxes for 2016, given a tax rate of \$9.60 per \$1,000.00, would be \$13,056.00 (\$1,360,000 X .00960).
6. Each year, the Assessing Department, on or about December 1 will issue a bill for the payments in lieu of taxes and Fellowship shall remit the payments by the due date shown on

the bills, which due date shall not be less than 30 days from the bill dates. If any portion of the payments are not remitted by the due date, the City shall have the right to charge statutory interest and fees and to use any remedies to collect the payment provided by law under RSA chapter 80.

7. Nothing in this Agreement shall prevent Fellowship from challenging the assessment of the Properties or the improvements made to each of the Properties, in accordance with applicable law.

8. In the event that all or a portion of any of the Properties owned by Fellowship is leased to or occupied by one or more persons or entities which are not exempt from taxation (the "Non-Exempt Parties"), Fellowship shall be liable for the full property taxes that is city, school, county, and state taxes on all or such portion of the property that is leased or occupied by the Non-Exempt Parties. The amount of taxable assessed valuation shall be determined by a fraction, the numerator of which is the area in the building leased to or occupied by the Non-Exempt Parties and the denominator of which is the total area of the building. The fraction shall then be multiplied by the total assessed valuation of the building and the land to arrive at a taxable assessed value. For example, if the total area of the building is 6,000 square feet and 2,500 square feet of the building is leased to a Non-Exempt Party, 41.67% (2,500 divided 6,000) of the total assessed value of the land and building would be subject to the entire tax rate. In agreeing to this paragraph, the parties acknowledge that the fraction will apply to both the land and building value, assuming that a building or a portion of the building is leased or occupied. In the event that only land is leased or occupied by a Non-Exempt Party, only that portion of the land so leased or occupied would be taxed.

9. As to each of the Properties, this agreement shall be effective for a term of five (5) tax years beginning with the April 1, 2016 tax year and terminating on March 31, 2021 or such earlier time as there is either a material change in the use or ownership of any such Property or a material change in the law governing the charitable exemption from property tax, either of which would prevent any Property from being treated as tax-exempt.

10. If at any time the City believes that a material change has occurred in the use of any of the Properties, or to the law governing charitable organizations and charitable exemptions from real property taxation, any of which would prevent that Property from being treated as tax-exempt, it shall discuss the matter with Fellowship. The parties shall attempt, in good faith, to reach consensus as to whether this Agreement should be modified or terminated in response to the change (s). In the event that no consensus is reached, either party may terminate this Agreement upon written notice to the other, which termination shall be effective March 31 following the date of written notice.

11. This Agreement constitutes a binding agreement between the City of Concord and Fellowship. This Agreement is not transferable.

12. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

13. Any amendment to the Agreement shall be effective only if executed in writing and agreed to by both parties.

14. Neither party shall be obligated to renew or extend this Agreement upon its termination.

15. This Agreement shall be governed by and construed under, and pursuant to the laws of, the State of New Hampshire, exclusive of the laws relating to conflict of laws. Any dispute under this Agreement shall be resolved within the venue of the Merrimack County Superior Court in the State of New Hampshire, or its equivalent jurisdictional successor.

IN WITNESS WHEREOF, the parties have hereunder set their hands effective the date first above written.

City of Concord

By: _____
Thomas J. Aspell, Jr., City Manager
Duly Authorized

Fellowship Housing Opportunities, Inc. and Affiliates, Fellowship House, Inc., Fellowship Apartments, Inc., Fayette Street Project, Inc. and Washington Court, Inc.

By: _____
Page Cannon, Executive Director
Duly Authorized