

**City of Concord
Penacook Village Tax Increment Finance District
Advisory Board Meeting Minutes of February 23, 2021**

The Penacook Village Tax Increment Finance District (PVTIF) Advisory Board meeting was held on February 23, 2021, at 5:30 p.m.

Committee (in attendance): Wendy Follansbee and Terri Maxwell
Committee (absent): Carol Foss
Staff: Matt Walsh, Director of Redevelopment, Downtown Services, and
Special Projects
Donna Muir, Community Development Specialist
Guests: Ward 2 City Councilor Erle Pierce

Meeting called to order at 5:35 pm

1. Reading of Instructions and Roll Call Attendance

Meeting was held “virtually” via Zoom in accordance with Governor Sununu’s emergency orders due to the COVID-19 pandemic. The appropriate call-in and participant instructions were read aloud by Matt Walsh. Roll call attendance was taken.

2. Adoption of March 20, 2014 Meeting Minutes

Mr. Walsh noted that there was an error in the minutes in the first paragraph. The acronym “NEOCTIF” was used instead of “PVTIF” and asked that the minutes be corrected.

Ms. Maxwell made a motion to adopt the minutes as corrected. Ms. Follansbee seconded the motion. Vote was taken by roll call vote and was unanimous in the affirmative.

3. Amendments to the Development Program and Financing Plan for the PVTIF

Mr. Walsh shared and reviewed a PowerPoint presentation he prepared, which is incorporated into the minutes as an attachment. The presentation provided a review of tax increment financing, the roles and responsibilities of the PVTIF Advisory Board, the history of the PVTIF District and past TIF support investments in public improvements, as well as an overview of the proposed amendments to the Development Program and Financing Plan to support TIF investments in and CIP #567 Penacook Landing Riverfront Park and CIP #30 Hoit Road / Whitney Road Intersection Improvement project. The presentation also included detailed information for the proposed Interchange Development LLC project, including the City’s proposed development agreement with Interchange Development, as well as financial projections and the schedule for Phase I of the project, which shall feature a Market Basket grocery store with a potential attached retail tenant, as well as a NH Liquor and Wine Outlet.

Discussion ensued regarding CIP #567 Penacook Landing Riverfront Park and the associated Phase 2 of the Caleb Development Corporation’s multifamily housing project at 33-35 Canal Street.

Ms. Maxwell noted the projected estimated cost of CIP #567 was \$1.35 million. She wondered whether the community would support that level of investment for the park. Mr. Walsh explained that this was a preliminary estimate which will be refined during the design and permitting process. He also noted that any appropriations for the park would have to be approved by the City Council after a public hearing.

Ms. Follansbee asked about the second phase of the Caleb Development Corporation's project at 33-35 Canal Street, whether the proposed amendments to the PVTIF Development Program and Financing Plan accounted for future revenues related thereto to support CIP #567 and other TIF investments. Mr. Walsh responded in the affirmative.

Discussion also ensued regarding CIP #30 Hoit Road / Whitney Road Intersection Improvements and Phase I of the Interchange Development project at 1 Whitney Road.

Ms. Follansbee noted that construction had begun at the site last summer. She asked about the status of the proposed Market Basket grocery store and NH Liquor and Wine Outlet. Mr. Walsh explained the developer was undertaking construction last summer at his own risk and attempting to expedite his schedule in part to satisfy prospective tenants.

Following the presentation, discussion ensued about a variety of items:

Ms. Follansbee asked how the PVTIF impacts single family homes within the PVTIF District. Mr. Walsh reviewed the mechanics of TIF Districts and explained there is no negative impact on properties by virtue of them being located in the PVTIF District. He explained how property tax revenues from the base assessed value and captured incremental assessed value are collected and distributed by the City, and used a hypothetical kitchen renovation project to illustrate these concepts.

Ms. Follansbee asked Mr. Walsh to explain the purpose of the Relocation and Displacement Plan. She expressed concerns about potential taking of private property by eminent domain for public improvements. Mr. Walsh explained that there are no plans to eminent domain private property for any public improvements in the PVTIF District. He also explained that the Relocation and Displacement Plan is required in accordance with RSA 162-K and would govern in the event of acquisition of property by eminent domain for public improvements within the PVTIF District.

Ms. Maxwell asked about operating and maintenance costs for public improvements in the PVTIF District, including roadway improvements, and questioned why said costs are not charged to the City's General Fund. Mr. Walsh explained that in the cost of maintaining all public infrastructure improvements built in the PVTIF may be charged to the PVTIF District in accordance with RSA 162-K and the PVTIF's Development Program and Financing Plan. He explained how PVTIF supported infrastructure improvements result in new real estate development and captured incremental assessed value related thereto. Hence why debt service and operating costs of said investments are assessed to the PVTIF and not the City's General Fund.

Regarding CIP #30 Hoit Road / Whitney Road Intersection Improvement project, Ms. Maxwell asked why the smaller round-about at the intersection of Concord Crossing and Merchants Way

was scheduled for construction now, rather than when Whitney Road is extended as part of CIP #502 in the future. Mr. Walsh explained that it will be less disruptive to construct the improvement now, rather than in the future. He also added that Demoulas Super Markets Inc., the parent company of Market Basket, strongly prefers to have the work done now so as to not interfere with their business operations, as well as their clientele's access to their store in the future.

Discussion also ensued about the PVTIF Advisory Board vacancies and having Mr. Walsh attend a Penacook Village Association meeting in the future to discuss the Interchange Development LLC / CIP #30 project and the PVTIF District.

Motion: Ms. Follansbee moved that the PVTIF Advisory Board recommend approval of the proposed amendments to the Penacook Village TIF District's Development Program and Financing Plan pertaining to CIP #30 Hoit Road (U.S. Route 4) / Whitney Road Intersection Improvement project and CIP #567 Penacook Riverfront Park project at 11 Canal Street as presented. Ms. Maxwell seconded the motion. The vote was taken by roll call vote and was unanimous in the affirmative.

Following the approval of the motion, the Advisory Board stated that it wished to convey the following observations and recommendations regarding the PVTIF District to the City Council and the general public:

- a. The PVTIF District's temporary use of incremental property tax revenues associated with new real estate developments to finance infrastructure improvements related thereto are in the City's financial and economic development interests.
- b. But for the PVTIF's investments in infrastructure improvements to foster real estate development within the District, said real estate projects would have never otherwise occurred. Therefore, but for the PVTIF District, the City would have never received the current and future economic development benefits associated with such projects, including, but not limited to, removal of blight, preservation and expansion of employment opportunities, and long-term tax base expansion.
- c. Regarding the \$4.24 million of PVTIF supported bonds for CIP #30 Hoit Road-Whitney Road intersection, the Advisory Board noted that, in the short-term, the PVTIF's investment will result in a new 80,000 square foot supermarket (an amenity long coveted by the community), expanded employment opportunities for the community related thereto, as well as much needed safety improvements the intersection.

In the long-term, once all PVTIF debts associated with the intersection improvements and other infrastructure investments are satisfied, all property owners in the City will benefit from new property tax revenues generated by Interchange Development L.L.C.'s real estate project, as well as other new development elsewhere within the PVTIF District.

- d. Property tax stabilization remains an important economic development goal for all Concord taxpayers, including those within the Merrimack Valley School District.

Therefore, once the PVTIF District matures and generates significant surplus property tax revenues beyond those needed for the District's current and projected needs, the Advisory Board recommends that the City Council periodically review the feasibility of releasing a portion of the PVTIF's captured incremental property tax revenues to support the City's General Fund, Merrimack Valley School District, County, and State of New Hampshire.

This recommendation is analogous to the City's current practices for the North End Opportunity Corridor Tax Increment Finance District (NEOCTIF), which was established in 1998 and has been releasing surplus property tax revenues since 2005.

Ms. Maxwell moved to adjourn the meeting. Ms. Follansbee seconded the motion. Motion passed by unanimous roll call vote. The meeting adjourned at 7:40 p.m.

Respectfully submitted,

Donna Muir
Community Development Specialist

DRAFT

Penacook Village Tax Increment Financing District 2021 Amendment

**PVTIF Advisory Board Presentation
February 23, 2021**

**Matt Walsh
Director of Redevelopment, Downtown Services & Special Projects
City of Concord
41 Green Street
Concord NH 03301
www.concordnh.gov
Phone: 603-225-8570
mwalsh@concordnh.gov**



What is Tax Increment Financing?

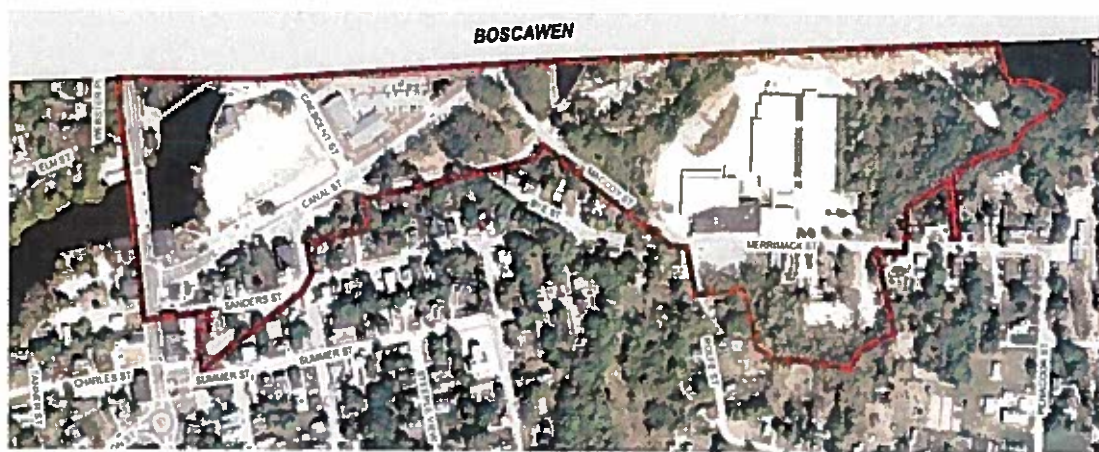
- **An Economic Development Tool**
- **Purpose:** To **Finance** public improvements with the **Incremental Taxes** created by new development within a specific **District** in a community in order to support the new development
- **In New Hampshire**
 - **Enabling Legislation: RSA 162-K**
 - **Enacted in 1979**



ROLE OF PENACOOK VILLAGE TIF DISTRICT ADVISORY BOARD

- NH RSA 162-K:14
- City Resolutions #8376 (2010) and #8615 (2012)
- Members shall be “owners or occupants of real property within or adjacent to the development district”
- Shall “advise the governing body and district administrator on planning, construction and implementation of the development program and on maintenance and operation of the district”

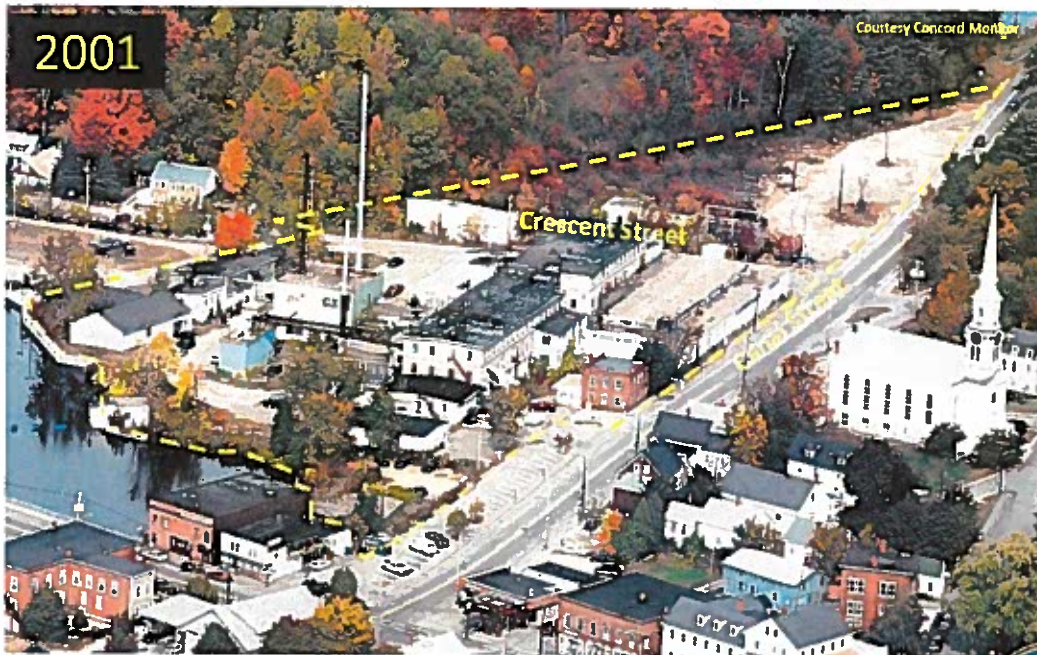
PENACOOK VILLAGE TIF HISTORICAL OVERVIEW: 2010 ENACTMENT



2010 ENACTMENT: FORMER RIVCO COMPLEX



2010 ENACTMENT: FORMER ALLIED LEATHER TANNERY COMPLEX



**2010 ENACTMENT:
FORMER ALLIED LEATHER TANNERY COMPLEX**

Penacook Family Physicians (2011)

2020 Penacook Landing (2020/2023)



**2010 ENACTMENT:
FORMER ALLIED LEATHER TANNERY COMPLEX**



**2010 ENACTMENT:
FORMER ALLIED LEATHER TANNERY COMPLEX**



**2014 AMENDMENT: FORMER ALLIED LEATHER
TANNERY COMPLEX & AMAZON REALTY SITE**



**2021 Penacook Village Tax
Increment Finance District
Amendments**

CIP #567 Penacook Riverfront Parks

**CIP #30 Hoit Rd (US Route 4) / Whitney Road
Intersection Improvement Project**



2021 AMENDMENT PART 1: CIP 567 PENACOOK RIVERFRONT PARKS



Total Cost: \$1,350,000 (PVTIF Bonds, Grants, & Impact Fees)
Likely contingent on Penacook Landing Phase 2

Design / Permitting: FY2022 / FY2023
Construction: FY2024
Average Annual Debt: \$84,000 (20 Years @ 3%)
O&M Cost Year 1: \$20,750
(excludes snow removal by Parking Fund)



**2021 AMENDMENT PART 2:
CIP 30 HOIT RD. (US ROUTE 4) / WHITNEY RD.
INTERSECTION IMPROVEMENTS**



PHASE 1 OF INTERCHANGE DEVELOPMENT L.L.C.'S PROJECT



- 80,775SF Grocery Store,
22,000+/-SF Retail Tenant
- 13,500SF NH Liquor & Wine
Outlet
- 438+/- New Jobs Combined
- Assessed Value \$12,145,200
 - Base: \$2,718,800
 - TIF Increment:
\$9,426,400
- Property Taxes: \$378,150
 - Base: \$84,649
 - TIF Increment: \$293,500



OVERVIEW OF PROPOSED DEVELOPMENT AGREEMENT

Interchange Development LLC

- Develop Phase I of Project
- Pay for portions of CIP #30 located in Canterbury (\$449,250)
- Provide R-O-W for CIP #30
- Construct some sidewalks on Whitney Road
- Winter Maintenance of Whitney Rd. Sidewalks
 - Hoit Rd. to Wheelabrator
- Maintain landscaping in proposed Whitney Rd. / Concord Crossing / Merchants Way Roundabout

City of Concord

- Design, Permit, Construct and Maintain CIP #30



DEVELOPMENT AGREEMENT PROTECTIONS FOR THE CITY

Short Term Protections

- City has no obligation to construct CIP #30 until Developer satisfies 14 conditions in Development Agreement
- Performance Mortgage for NH Liquor & Wine Outlet
- Corporate Guaranty from Demoulas Super Markets, Inc.

Long Term Protections

- Taxability Covenant on all 43 Acres of Developer's Property (runs with land in perpetuity)
- Property Tax Payment Guarantee for Phase I of Project (20 Years)

PROJECT SCHEDULE

- April 2021:
 - Approval of Development Agreement & PVTIF Amendment & \$4.78M Appropriation Resolution
 - Interchange Development / Demoulas finalizing permits, completing closings on real estate transfers and financing
 - City receiving bids for CIP #30 and executing construction contracts
- May 2021: Start of construction (all parties)
- December 2021: CIP #30 substantially completed & operational
- Early 2022: NH Liquor & Wine Outlet Complete
- Summer 2022: CIP #30 is fully complete
- Late 2022 / Early 2023: Demoulas Super Market is complete



2021 PENACOOK TIF DISTRICT AMENDMENT EXPANDED GEOGRAPHY



Current

Size: 47 Acres (48 Parcels)
Taxable Assessed Value: \$12,790,000
Base Value: \$5,652,800
TIF Captured Value: \$7,137,200
Total Investment (all funds): \$6,114,905
TIF Supported: \$705,000
TIF Revenues: \$150,800 (FY 2021)
TIF Expenses: \$58,095 (FY 2021)

Proposed (Hatched)

Size: 243 Acres (74 Parcels)
Taxable Assessed Value: \$48,419,870
Base Value: \$41,171,000
TIF Captured Value: \$16,675,270
Total Investment (all funds): \$10,894,905
TIF Supported: \$4,945,000
TIF Revenues: \$533,000 (FY 2025)
TIF Expenses: \$553,000 (FY 2025)



**PENACOOK VILLAGE TIF DISTRICT &
CIP 30: HOIT / WHITNEY INTERSECTION
IMPROVEMENT PROJECT**

Capital Investment

- Project Cost: \$4,780,000

- Funding Sources:
 - **PVTIF Bond #1: \$412,750**
 - Replaces \$456,000 Bond approved July 2020
 - **PVTIF Bond #2: \$3,827,250**
 - Impact Fees: \$90,750
 - Developer: \$449,250 (Canterbury Improvements)

Annual Costs

- PVTIF Debt Service: (\$319,052)
 - PVTIF Bond #1: \$87,503 (Average over 5 Year Term)
 - PVTIF Bond #2: \$231,549 (Average over 20 Year Term)

- PVTIF Operating Costs Year 1: (\$24,000)
 - **Subject to NHDOT Permit & Maintenance Agreement**
 - Route 4 Roundabout Landscaping & Irrigation: \$15,000
 - Route 4 Sidewalk Winter Maintenance: \$6,000
 - Miscellaneous Roadway Maintenance: \$3,000



**PENACOOK VILLAGE TIF DISTRICT 2021 AMENDMENT
FLOW OF INTERCHANGE DEVELOPMENT L.L.C'S
PROPERTY TAX REVENUES**

Total Taxable Assessed Value: Liquor Store & Grocery Store

\$12,145,200

**Base Assessed Value
\$2,718,800**

**TIF Captured Assessed Value
\$9,426,400**

Property Taxes \$84,649

Property Taxes \$293,500

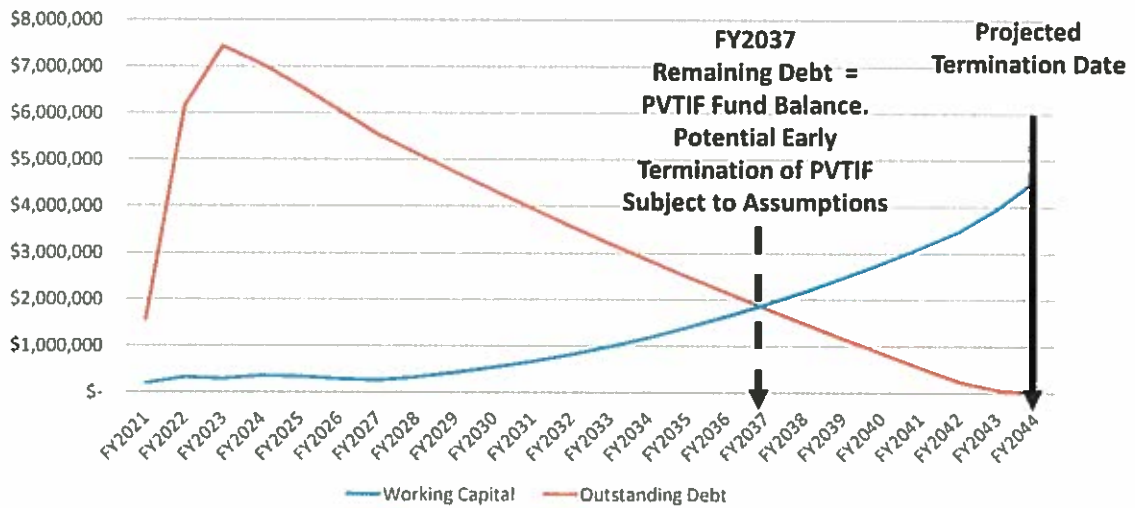
**Supports City General Fund,
MV School District, County, &
State Operating Budgets**

**Supports PVTIF
Operating Costs &
Debt Service**



PENACOOK VILLAGE TIF DISTRICT PROJECTED TERMINATION DATE

Penacook TIF District 2021 Amendment
Working Capital, Outstanding Debt Service, & Projected Termination Date



PENACOOK VILLAGE TIF DISTRICT IMPORTANT ASSUMPTIONS

- Excludes potential PVTIF support for CIP #502 "Whitney Rd Extension to Sewalls Falls" (\$3.525M in FY 2025)
- No release of PVTIF Captured Incremental Assessed Value to support City's General Fund, MV School District, Merrimack County, or State of NH
- Excludes any potential future assessed value from subsequent phases of Interchange Development's Project
- Macro Economic Factors (changes in real estate market, interest rates for debt service, etc.)



QUESTIONS?

