

**CITY OF CONCORD
COMMUNITY DEVELOPMENT ADVISORY COMMITTEE
MINUTES OF JANUARY 24, 2018**

The Community Development Advisory Committee (CDAC) met on January 24, 2018, in the Second Floor Conference Room, City Hall, 41 Green Street.

Attendees: Chair Jeff Bart, Councilor Byron Champlin, Councilor Mark Coen, Michael Gfroerer, Councilor Allan Herschlag, Janet Sprague, and Nadine Salley

Absent: Councilor Linda Kenison and Councilor Keith Nyhan

Staff: Matt Walsh, Director of Redevelopment, Downtown Services and Special Projects
Donna Muir, Community Development Specialist

Guest: Elizabeth Sweeney, Capital Regional Development Corporation

1. Minutes of June 28, 2017 Meeting

The Chair asked that the minutes be reviewed and approved. Councilor Champlin moved to accept the minutes with a correction on Page 2, Section b, second paragraph, second sentence. The minutes should read "Although ~~the~~ Mr. & Mrs. Phillips have ..." Councilor Coen seconded the motion with the correction. Motion passed unanimously.

2. Revolving Loan Fund

a. Concord Theatre Project

(Ms. Salley recused herself from any discussion on this project as the NH Community Loan Fund is involved in this project as a funding source.)

Mr. Walsh introduced Elizabeth Sweeney from Capital Regional Development Corporation (CRDC) and stated that the City has been invited to enter into a loan participation agreement with CRDC for the Concord Theatre project. He said that in the past the City has been involved in a number of participation agreement projects with CRDC, including the Airport Business Park, Corporate Park at Horseshoe Pond, the Bindery Building, and Remi's Block.

Mr. Walsh explained that Stephen Duprey, a local developer, recently acquired the former Concord Theatre at 16-18 South Main Street. The property was built in 1860 and housed a bakery until 1928. About six years after the bakery closed, the property was converted into a movie theatre and operated as such until 1994. The majority of the property has stood vacant for nearly 25 years. Mr. Duprey, in partnership with the Capitol Center for the Arts (CCA), plans to renovate the property to create a new performing arts venue, which will be operated, and eventually owned by CCA. The new theatre, combined with the increased capacity for the resulting additional performances at the CCA, is projected to draw approximately 32,000 additional downtown visitors generating roughly \$1 million in new economic activity.

If approved by CDAC, the City would enter into a loan participation agreement with CRDC in the amount of up to \$250,000. The terms of the participation consist of a 5.25% interest rate over seven-years, with interest only payments based upon a 20-year amortization schedule. The principal payment of \$250,000 will be due at the end of the seven-year term, with no penalty for prepayment. As CRDC would originate the loan with New Concord Theatre LLC and handle all administrative functions, staff recommends that CRDC keep the entire loan origination fee for this project. The City would realize \$89,712 in total interest earnings over the seven year term.

Mr. Walsh reviewed a breakdown of the total project costs and funding sources with CDAC, as outlined in the table below:

Table 1: Project Costs

| Category | Amount | Percentage |
|------------------------------------|--------------------|-------------|
| Property Acquisition | \$535,853 | 10% |
| Construction | \$2,765,000 | 51% |
| Demolition | \$135,000 | 2% |
| Fixtures, Furnishings, & Equipment | \$950,000 | 17% |
| Soft Costs | \$1,071,249 | 20% |
| Total Project | \$5,457,102 | 100% |

Table 2: Funding Sources

| Funding Source | Amount | Percentage |
|-------------------------------|--------------------|-------------|
| Tax Credits | | |
| New Markets Tax Credits | \$1,407,020 | 26% |
| Historic Tax Credits | \$501,519 | 9% |
| Fundraising | | |
| Fundraising | \$1,548,563 | 28% |
| Debt (Loans) | | |
| Merrimack County Savings Bank | \$700,000 | 13% |
| NH Community Loan Fund | \$800,000 | 15% |
| CRDC | \$500,000 | 9% |
| Total | \$5,457,102 | 100% |

Pro formas for the Concord Theatre project provided to staff indicate that the project has sufficient capacity to make annual interest payments on the \$2 million debt financing during the seven-year compliance period. New Concord Theatre LLC / CCA will be responsible for repaying the principal balance for the note when the CCA acquires the property upon termination of the seven-year New Markets Tax Credit compliance period. Mr. Walsh noted that the CCA has developed a fundraising strategy to secure the \$2 million needed for the principal payment and, to date, has secured several donation pledges from various parties.

Staff recommends entering into a loan participation agreement with CRDC to support the Concord Theatre Project for the following reasons:

1. The loan complies with the terms and conditions of the Revolving Loan Fund's Program Income Reuse Plan.

2. The loan will help to remove a prominent blight in downtown Concord which has been vacant since 1994.
3. The project will directly create 5.1 new jobs by 2020, as well as 62 other indirect or induced permanent jobs. The project will also support 34 temporary construction related jobs.
4. Events held at the new theatre will contribute to the vitality of Concord by providing an annual influx of 32,000 additional downtown visitors, who will generate \$1.1 million in new economic activity in Concord.
5. The project will also make downtown that much more attractive for new restaurants, retailers, and market rate housing; thereby providing additional economic development and long-term tax base benefits to the community.
6. Given the involvement of three other lenders in this project (Merrimack County Savings Bank, Community Loan Fund, and CRDC) the City's financial involvement is minimized thereby significantly reducing the City's risk (i.e. \$250,000 or 12.5% of the total \$2 million debt financing package).
7. Participating in this financing package maintains and strengthens the City's strategic relationship with CRDC, as well as the other local lenders involved.
8. The Revolving Loan Fund has ample capacity for this loan (\$968,000).
9. The participation agreement will generate new income for the Revolving Loan Fund (\$12,816 annually or \$89,000+/- over the seven-year term) thus allowing the City to make future investments in other projects.
10. Although the project will likely result in the property becoming tax exempt at the end of the seven-year New Markets Tax Credit compliance period, the other economic benefits will outweigh forgone tax revenues for this particular property.
11. The project continues the City's past practices of making strategic investments to support revitalization of downtown Concord.

CDAC, City staff, and Ms. Sweeney discussed a number of points regarding the project, including:

1. The revitalization of vacant, blighted space on South Main Street.
2. The project's use of New Market Tax Credits, Historic Tax Credits, and the possibility of the project applying for RSA 79-E tax relief.
3. CCA's fundraising plan throughout the seven-year loan term.
4. The economic development benefits of the program.
5. The effect of the project on the City's tax base and the Sears Block TIF.

Mr. Walsh addressed the 20-year amortizing included in the terms of the participation agreement. He said that it was included in error and that amortizing an interest-only loan for the actual term of the loan or for a 20-year period, the outcome remains the same, as there will be no principal payments during the seven-year term.

Ms. Sweeney said that the project is looking to close before December 31, 2018, to be able to get the maximum amount from the New Market Tax Credits.

Construction for the project is expected to begin in late spring and the theatre's opening is slated for the spring of 2019.

Councilor Champlin motioned to authorize the City Manager to enter into a loan participation agreement with the Capital Regional Development Council (CRDC) in the amount of up to \$250,000 to support redevelopment of the former Concord Theatre located at 16-18 South Main Street. Terms of

the participation shall be a 5.25% interest rate, for a seven-year term with interest only payments; with the principal payment of \$250,000 due at the end of the seven-year period, without any prepayment penalties. Mr. Gfroerer seconded the motion. Motion passed with Ms. Salley abstaining from the vote.

Ms. Sweeney expressed appreciation to CDAC members for their support of this project.

b. Loan Status and Account Balance Report

Ms. Muir provided an overview of the status of the Revolving Loan Fund program. CDAC and City staff discussed promotion of the program. Ms. Sweeney stated that CRDC would be interested in partnering on other participation projects.

3. CDBG Grants Update

a. Merrimack Valley Day Care Update

Ms. Muir stated that the renovations at Merrimack Valley Day Care were completed in late August. She and Mr. Walsh visited the center and were happy with the work that was done.

b. Concord YMCA

Ms. Muir explained that the new boiler system was installed in the summer of 2017 and that repairs to the elevator were still ongoing. Bids for the renovations to the daycare were opened in December 2017, and work is schedule to begin in February, with the renovations completed in June 2018.

4. Adjournment: The meeting adjourned at 1:00 p.m.

Respectfully Submitted,

*Donna Muir
Community Development Specialist*