

**CITY OF CONCORD
COMMUNITY DEVELOPMENT ADVISORY COMMITTEE
MINUTES OF NOVEMBER 12, 2015**

The regular monthly meeting of the Community Development Advisory Committee (CDAC) was held on November 12, 2015, in the Second Floor Conference Room, City Hall, 41 Green Street.

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

Excused: Councilors Keith Nyhan, Nadine Salley, and Brent Todd

Staff: Director of Redevelopment Matt Walsh and Administrative Assistant Donna Muir

Guest: Elizabeth Sweeney, Senior Loan Officer, Capital Regional Development Council (CRDC)

- 1. Minutes of June 24, 2015 Meeting:** The Chair asked that the minutes be reviewed and approved. Councilor Champlin moved to accept the minutes as presented. Janet Sprague stated that there was a typing error on the first page, last paragraph of the minutes. Specifically, the date should have read October 2014 instead of October 2104. Councilor Champlin amended his motion to accept the minutes as corrected. Councilor Herschlag seconded the motion. Motion passed unanimously.
- 2. Revolving Loan Fund – Remi Block Application:** Mr. Walsh introduced Ms. Sweeney and presented an overview of the Remi Block Project, which included a summary report by Mr. Walsh, as well as an underwriting report prepared by CRDC. He stated that the City would like to enter into a participation agreement with CRDC in the amount of \$200,000 as part of a larger \$2.7M financing for the project. Mr. Walsh noted that the City and CRDC had done one other such participation for the Bindery Project in 2010.

Mr. Walsh provided an overview of the history of the project. He noted that Associated Enterprises d/b /a Remi's Block LLC acquired the former Vegas Building in July 2014 for approximately \$1.1M, including back taxes and penalties. Since the purchase, the owner has been working to secure a financing package for the project. Mr. Walsh noted that this has been challenging for a variety of reasons. However, after months of effort by the owner and local bankers, a \$2.7M financing package comprised of a consortium of four lenders, including the City's Revolving Loan Fund, has been compiled for the project. The three other lenders involved in the deal are Sugar River Bank, Merrimack County Savings Bank, as well as CRDC.

Mr. Walsh explained that Associated Enterprises plans to renovate the building into a mixed-use project featuring three ground floor commercial spaces together with 20 apartments on the upper four floors. Apartments would be two-bedroom units, featuring two-baths, balconies, and in-unit laundry.

Mr. Walsh noted that the proposed terms of the CRDC note were as follows: \$400,000 (with \$200,000 provided by the City via a participation agreement) at six percent interest with 20-year amortization with a balloon payment due in 4 years. The City's participation would result in approximately \$44,000 of interest revenues to the City over the four-year term. Because CRDC completed the majority of the underwriting on this participation loan, staff is recommending that CDAC forgo a portion of the origination fee from this loan. Mr. Walsh also reminded the committee that the City does not customarily charge origination fees for any loans associated with the Revolving Loan Fund program.

Ms. Sweeney responded to questions from CDAC members concerning various aspects of the Remi Block loan package. She explained that the assets of Associate Enterprises, as well as a life insurance policy on Remi Hinxhia, will serve as security for the loan. It was also noted that Cobb Hill Construction will be the contractor for the project and that Sugar River Bank will hire a construction manager to ensure drawdowns on the financing package are appropriate.

Discussion ensued about many aspects of the project, including, but not limited to:

- a. The RSA 79-E Community Tax Relief Incentive benefit granted to the project by the City Council.
- b. The license to install balconies over the City's rights-of-way for the project.
- c. The current and projected assessed value for the project once completed.
- d. Anticipated rents for residential units and commercial spaces.
- e. The structural condition of the building, as well as engineering assessments previously commissioned for the property by the owner.
- f. The project's construction schedule. Specifically, it was noted the anticipated schedule was as follows: Closing on the financing package in December 2015, start of construction in January 2016, with completion of construction in October / November 2016.
- g. The importance of this project to the overall economic development plans for the downtown.

Councilor Champlin moved to approve the loan participation agreement with CRDC in the amount of \$200,000 for a four-year term (20 year amortization), at six percent interest, contingent upon receipt of a structural assessment of the building commissioned by the property owner, with the results of said assessment being to acceptable CRDC and the City Administration. Councilor Herschlag seconded the motion. Motion passed unanimously.

3. Revolving Loan Fund - Emergency Request for Repair of Hot Water Heater: Ms. Muir reported that the City had approved an emergency grant/deferred loan to a property owner at 40 South Spring Street, in the amount of \$1,100.00, in accordance with the Program Income Reuse Plan.

4. Revolving Loan Fund Program – Loan Status:

- a. Ms. Muir provided an overview of the City's loan portfolio. Specifically, she noted the following:
 - Out of 26 active loans, one loan remains deferred; one loan was suspended by CDAC.
 - During October, the following loan was paid off in full: Douglas Duguay, CDL# 1271, 46 Skyline Drive, Concord
- b. CDAC members discussed the ongoing delinquency of Deanna Bennett, CDL # 529. It was decided that no further late-payment notices would be sent and that the City would recoup its money once the owners sold the property or tried to refinance the property. It was suggested that a letter be sent to Ms. Bennett, stating the City's intent to no longer send delinquent notices or have further contact regarding the delinquency of the loan.
- c. Ms. Muir provided a copy of a marketing letter, which was sent to area non-profits who work with low and moderate income individuals, to make more people aware of the City's Revolving Loan Program.

5. Revolving Loan Fund Program – Merrimack Valley Day Care Status: Mr. Walsh reported that Merrimack Valley Day Care had been approved for a Community Development Block Grant (CDBG) in the amount of \$200,000. CDAC had recently approved a Revolving Loan Fund loan for Merrimack Valley Day Care to serve as a match for the CDBG grant. He stated that Merrimack Valley Day Care has embarked upon a fundraising campaign in order to reduce the amount needed to be borrowed from the City's Revolving Loan Fund.

6. Adjournment: The meeting adjourned at 1:06 p.m.

Respectfully Submitted,

Donna Muir
Administrative Assistant