

A special meeting of the Board of Aldermen was held Thursday, December 20, 2018, at 7:00 p.m. in the Aldermanic Chamber.

President Lori Wilshire presided; City Clerk Patricia D. Piecuch recorded.

Prayer was offered by City Clerk Patricia D. Piecuch; Alderman Richard A. Dowd led in the Pledge to the Flag.

The roll call was taken with 14 members of the Board of Aldermen present.

Corporation Counsel Steven A. Bolton was also in attendance.

COMMUNICATIONS

From: Lori Wilshire, President, Board of Aldermen

Re: Special Board of Aldermen Meeting

There being no objection, President Wilshire accepted the communication and placed it on file.

PRESENTATION

New Market Tax Credit Program for the Performing Arts Center presentation by Niel Cannon, Finance and Development Consultant.

President Wilshire

Tonight we have a presentation on the New Market Tax Credit Program for the Performing Arts Center presentation by Niel Cannon, Finance & Development Consultant. Tim would you please join us, and Mr. Cannon?

Tim Cummings, Director of Economic Development

Yes thank you Madam President, for the record Tim Cummings, I am the Director of Economic Development here in the City and with me I have our New Market Tax Credit Consultant Niel Cannon who has been a blessing to say the least to be involved in this project. He has brought a wealth of knowledge and he is a very technical expert in this very complex process. What I have asked him to do this evening is to give you a high level overview, basically a New Market Tax Credit 101 and then speak more specifically to how we would structure the specific Nashua project.

Before we get there, I put together a small little YouTube video that I want to show you and then lastly, if need be, I can give you a very specific example of how this tool was used in another community here in New Hampshire and it mirrors very much what we are trying to do here. With that being said, the YouTube video that I'm about to pull up is a YouTube video that was done for another area of the country that is a good tool to help give you an orientation, but some of the details are not 100% accurate in terms of what we are talking about specifically. But it is very close to what we are trying to do here and it is a good 10 minute snapshot. So I thought I would play that at the beginning of this conversation, it will help inform the more broader conversation that will come about when Niel starts his presentation. But again, it is not completely accurate but it is very, very close.

YouTube video plays.

Mr. Cummings

So we are all experts now in New Market Tax Credits. So that was just a very quick high level overview, again I want to just re-emphasize, it is not an apples to apples to what we are doing here in Nashua but it is a good thumbnail to help to give you an overview as to what we are going to need to do for the most part. One of the

big issues that I want to talk about that is a little bit different that Niel will get into a little bit more detail in a few minutes is the idea of the ground lease. We are not going to be able to do that ground lease concept for a couple of reasons and one of them is a municipal corporation should be as far away from the New Market Tax Credit deal as possible. So transferring the asset into the QALICB and then having a reverted later on down the line is how we are looking at structuring it. That will protect and ensure the City that the asset returns to the City but nonetheless it won't be that explicit ground lease type model that was mentioned in the YouTube video.

With that being said, I am going to bring up Niel's power point presentation and turn it over to Niel where he will go into a little bit more detail about the program itself and the specific way we are going to structure the project here in Nashua.

Niel Cannon Thanks Tim, my name is Niel Cannon and I am a consultant to the City on New Market Tax Credits. I have been working with Tim and his people for 2 or 3 months now intensely and I've enjoyed every minute of it. There is a lot of leadership in this City and a lot of excitement over this project.

The New Market Tax Credit Program is a federal economic development initiative that started about 12 years ago. The purpose of the program is to encourage investments in low income communities. Low income communities are defined as census tracts that meet certain income criteria, most commonly used is a census tract that has median household incomes of 80% or less of the Statewide average. A census tract is just an enumeration district, it a geographic area from which census data is collected separate from census data for the whole City in this case.

Nashua has 17 census tracts. They can be bounded by municipal boundaries, they can be bounded by railroad tracks, streets, roads, whatever. There are 17 census tracts Nashua as I said and of those I think 5 qualify. **The census tract in which the proposed Performing Arts Center which we are in right now as a matter of fact, is among the poorest in the State.** I told you that the criteria was 80% or less I think I said median household income, it should be median family income. **In this census tract in which we are located and in which the project is located, the median family income is 31% of the State average, it is way low. It has also got almost a 30% poverty rating.** So not only is this eligible it is classified as severe distress which makes it an ideal target for this program.

Before getting into the details, I'd like to focus on five of the concepts that were referred to in the video we just looked at. The first thing is the idea of what is a QALICB; a Qualified Area Low Income Community Business. Assisted business must be a corporation or partnership that exist in a qualified area and we just talked about a qualified area. This is called a qualified area low income community business or QALICB, that is the box at the bottom in the diagram we looked at. This means that the City of Nashua cannot be a direct beneficiary of the program but it can participate as a lessee of QALICB property because the City is not, by IRS definitions a corporation or partnership. But it can master lease a property that is developed by a QALICB.

This kind of arrangement has been done before. The first City to really use this aggressively and benefit as a master lessee of a property was the City of St. Louis which did a lot and used it for waterfront development on the Mississippi River. Boston has used it a lot in conjunction with its redevelopment efforts. **And in little old New Hampshire, Keene has used it twice this way.** We probably had 20 projects in New Hampshire for the life of the program, Keene has used it twice where the City was the master tenant of the project

Initially I was involved in this one I think it was about 5 or 6 years ago. The Cheshire County Court House was threatening to leave downtown so we put together a New Market Tax Credit Program and we set up non-profits, QALICB that built a new courthouse, leased it to the City so the City had some control. They sub-leased it to the State of New Hampshire and after the 7 year compliance period, the State of New Hampshire will be able to buy it

The second one they just did last year was a library, about a \$13 million dollar library they used to leverage general obligation bonds, much as we are suggesting here.

The second point I'd like to bring up is, the amount of the tax credit is 39% of the investment, we call that the qualified equity investment which they talk to in the slide. For example, if you have \$1 million dollar investment or project cost, the credit amount is \$390,000.00. We want to raise cash, reduce debt by selling that credit, we don't want the credit, we want the cash. Right now the market is about .85 cents per \$1.00. So I can sell that \$390,000.00 in credits to investors, private investors, who will pay us .85 cents a dollar or \$331,500.00 cash. In an ordinary real estate deal you go to the bank and you say to the bank – I'll put up 20% cash, you loan me 80%, I don't have to put up cash, I'm selling my credits for cash. That is reducing the amount I have to borrow. That is shown on the next slide.

What else is new? There are fees involved in this and generally they reduce the value of the equity investment by about 15% as those fees are collected. So that \$331 goes to \$281,775.00 net. But that is still 28% of your deal. Earlier in the slide they said it was about 25%, but right now the price is really strong at .85 cents. So that brings it up to about 28.2%. We don't know what the price is going to be when we sell these, but my best guess, we are marveling at .85 cents. In a Concord project I was involved in, we recently got .89 cents. Until we are ready to close, we are not going to know; the impact of that is if the price per credit goes down the City bond proceeds put into the project would have to go up or other money that is put in the project would have to go up. If the price goes up, the price of the credits goes up, we get more for our money and the City's exposure goes down. I wish I could tell you what it is going to be, but I can't.

Number 4, there is a 7 year compliance period. So the structure we put into effect to make this deal happen has to stay the same for 7 years. Because the investors, the private investors are receiving their tax credits over a 7 year period; it goes 5% a year for the first 3 years and then 6% for the next 4. So the deal has to stay in place, the structure of the deal. After 7 years it is by the door, if the City wants to own the property instead of leasing it, it can. If the City, you know, any kind of deal can happen after that 7 years but because of IRS regulations and because those investors that are putting the private money in the deal want it to stay together for 7 years so they can get their full 39%, we can't do anything. It has got to stay the way it is when we initially sell the deal and structure the deal.

And finally, number 5 – you heard again in the video touched, well actually the narrator is a CDE. CDE's are the key to an MTC funding. They are awarded credits by the US Treasury and they can in turn sub-allocate these credits to worthy projects that meet their program guidelines. Therefore it is our job to convince at least 1 or 2 CDE's that the proposed project has financial strength and results in positive community impacts; whether that includes jobs, more private investment, benefits to low and moderate income residents, all those things are included. There are several hundred CDE's in the United States. They all compete for a pot of authority, right now there is a pending allocation of \$3.5 billion dollars, probably 50 or 60 CDE's will get an allocation. We are talking to several of them that traditionally get allocations and we will be putting out a proposal within the next few days, shortly after the 1st of the year, that we will send to about a dozen CDE's to ask them for an allocation of tax credits. What we are asking for in allocation of \$18.5 million dollars.

So now take a deep breath and let's go to the fun part. Dave Fredette is in the house so this is always the one that he has. Would you like to explain this Dave? So let's start in the upper left hand corner and we are going to work our way down all the way to the QALICB and then we will go back up to the top so we are coming down with how the money is invested, go back to the top how it is paid off. So in the upper left hand corner you have the bond purchaser. You have authorized the sale of up to \$15.5 million dollars of bonds to support this project. We are estimating that the total bond proceeds that are required for this project are going to be on the order of \$12,927,250.00. So that money comes into the City coffers when they sell it and the City would then make a loan to what we call the senior leverage lender but it is really an intermediary lender. It is an entity that we set up that is basically a pass through lender, it is an intermediary, it keeps the City one step away from a deal which is where the City wants to be, where your lawyers are probably going to want you to be and

where the equity investors would like to see you be. They don't want to get into a hassle with the City of Nashua.

So that intermediary lender in turn, which would be a non-profit in this case, would loan that same amount to an investment fund. Remember the key to this is you get the credit by making an investment in the community, so we've got to set up an investment fund to make that happen. That investment fund, in order to create an \$18.5 QEI which nets loans of \$18,130,000.00, that investment fund needs to collect \$19 million 60 thousand dollars and the way it does that is it takes the \$12 million and change and then it sells the tax credits and receives for those tax credits \$6.1 million dollars. So it is selling \$7.2 million dollars at 85% and receiving \$6.1. That \$6.1 is added in the investment fund to the \$12.8 or whatever it was, \$12.9 and that creates a total capitalization of \$19 million 60 thousand dollars.

Then, the investment fund makes the qualified equity investment of \$18.5, that is a big number because that's what this is based on and it is what the allocation of credits from the CDE will be, it will be for \$18,500,000.00. That moves into a CDE and we talked about, they are another intermediary that not only has the capacity to award the credits, but serves as the lender. So they will take the \$18.5, they will take their fees of 2% of that and we will have \$18,130,000.00 which we are going to loan to the QALICB. And the QALICB is going to be a to-be-determined non-profit to be created or another entity that steps into this role.

There will be two loans, there will be the \$12,900,000 and change loan which equals the bond proceeds and there will be the \$5.2 million dollars which is the net New Market Tax Credit cash. In other words instead of the City having to pay \$18.13 in bonding it is paying \$5.2 less than that. The reason it is two loans is that after seven years, loan B goes away. But it has to stay in there as an obligation to QALICB for 7 years, it is a 0% loan. It has to stay in there for 7 years because that is the compliance period for the New Market Tax Credit Program.

Then we are now envisioning that the QALICB owner will be a passive LLC, all it will do is own the building and collect rent and pay debt service and it will lease it to the City of Nashua. The City of Nashua would in turn either sub-lease to an operator and we have an operator, Tim and his group the Steering Committee have selected an operator, that would either be a lease or it would be a contract with the operator. I'm not sure which it is going to be yet. In most cases the sub-lease for a buck. That is the model, that is the going down model.

Now we have a business transaction instead of a municipal bonding transaction and that makes it work. So how do we service the debt on the bond? Well the City of Nashua pays an annual lease payment here, which is equal to the annual debt service on the bond. The borrower, the QALICB pays the debt service up to the CDE, the CDE pays it up to the investment fund, the investment fund pays it to the lender, the lender pays it to the City and the City pays it to the bond purchaser. It is all simple but it is going to take, it is just the way it is done to qualify under the regulations of IRS and that transaction I just traced can take place in a day with wire transfers etc. But it is the way we have to do it to make it legitimate private investment. It is relatively simple when you think about it, it is generating a check from the City that ends up with the City after going through a couple of other channels. So there are going to be 4 or 5 bank accounts that it is going to pass through on the way up.

I just have one more slide just to clarify how that cash is raised. So we have the \$18.5 equity investment, the total credits awarded are 39% of the \$18.5 which is the \$7.2 million, the credit price is .85 cents, that gets a gross amount of \$6.1 million. Down here we go to the \$6.1 million and we convert to cash by taking these fees off and we come up with \$5.2 million which is the same as Loan B right there, which goes away and is forgiven after 7 years. That is private investment. I believe that meets the private investment criteria of your resolution. The investors are usually banks, financial institutions, the big ones, Merrill Lynch, Chase Manhattan, etc. etc. who are investing their money in turn for some tax shelters.

I don't know who we are going to use, the one group that has been very, very active in New Hampshire of 95% of the deals I have done is US Bank out of St. Louis, they are very active in this. Remember there are other tax credits too that these investors are used to getting involved in. There is the Historic Tax Credit that you get for rehabbing historic buildings in your historic district, which works very similarly to this. It is a 20% credit taken over 4 years and there is a low income housing tax credit that institutions such as Chase and Merrill Lynch and Bank of America and US Bank invest in on a regular basis.

So that is it for now, I would be glad to answer any questions you may have.

Mr. Cummings

Before we get there, may I just – one thing. I just wanted to take what Niel said and give you a real life example of what was done here in New Hampshire. This is the deal structure that Keene went through for their library project. This is essentially the very high level overview deal structure that Keene went through for their library expansion project to be clear. So the City of Keene, they had equity of \$2.5 million that was the current building and land, they had about \$8.96 in a loan which was a bond, bond proceeds, they took the \$8.9 put it into this leverage lender model and that leverage lender moved the money over to the CDE. The CDE then leveraged it with the equity investment by US Bank of a full total of just over \$5 million, but that wasn't what was actually in the project itself, the project netted \$4.3 million of cash for a total of about \$13 million dollar. The \$13 million was eventually pushed down into the QALICB. The QALICB then separately the City of Keene transferred the \$2.5 down into the QALICB for a \$15 million dollar project which then they were the ultimate operator and master tenant of the library. This is how Keene structured theirs

Mr. Cannon It is a standard structure. And just one more thing, one of the advantages of this is Keene's counsel has done this twice now, for the courthouse and this and is talking to your counsel, so that is really going to help I think and smooth the deal along as we go forward.

Mr. Cummings

So my last comment that I want to make is to make this all happen there is going to need to be approvals by the Board of Aldermen along the way. Some actions that will be necessary: development agreement, approval to push, if you will, the \$12.9 down through the system, a transfer of 201 Main Street into the QALICB, approval of a Master Lease. **So there are going to be 4 or 5 resolutions that are going to come before this body that we are still trying to understand and still try to figure out as we are putting this deal together. But we are going to need those approvals to ultimately make this work.**

A couple of other points I want to make, as you can note, we are only suggesting \$12.9 million in this model; we have authorization for \$15.5 so approximately \$2.5 million wouldn't necessarily have to be pushed through this model. That could be used still for the project or not used at all, and maybe you could potentially reduce the bond obligation, or if there are other items within the project that you would like to undertake that isn't in the current scope, you could use some of that money for, if you will, upgrades or amenities.

Lastly not shown on this deal structure flow chart but is still coming together is the private investment that would be coming from local charitable contributions which we are targeting at approximately \$2.5 million. That would be a separate non-profit that would be involved with transferring basically those private dollars into the operator to make that work as well. So that would be underneath the City of Nashua Master Tenant, there still could be 2 or 3 boxes that are evolving as we are putting this all together.

This took about 3 to 4 months of really serious back and forth with Niel and other members of the team here in City Hall to get a comfort level to understand the direction we are going and it is constantly evolving. When we first started this, it looked very similar to this but there were slight differences and tweaks along the way. I just want to make sure you all understand that this will continue to get refined as we move forward. What we wanted to do tonight was to introduce the concept, give you a high level overview, have you comfortable with

the ideas, because once this train leaves the station, we really need to make sure we have the approvals necessary to be able to execute on this project. So with that being said, Madam President.

President Wilshire

Thank you and thank you Mr. Cannon for your presentation. I am going to start on this side.

Alderman Gidge

That is if everything goes correctly and every deal obviously Keene a courthouse it certainly or library is certainly different than what we are doing down here. You must have something that you can show us where mistakes have been made where this has not worked, where are the weak spots of this? There has to be, it just doesn't work like this.

Mr. Cannon Yes it does, especially in this sense. The places it doesn't work is where the QALICB defaults on the loan. In this case the loan is the full faith and credit of the City of Nashua. So I don't see any, unless the City of Nashua goes into bankruptcy, I don't see a problem.

Alderman Gidge

Well there are moving parts obviously, when you rent something to somebody and then you rent it individuals let's say to run the business, when there are contracts that go into that obviously which has nothing to do with this, has something to do with us. That is a weak spot if that doesn't work out.

Mr. Cannon We have had more discussion about that than the numbers.

Alderman Gidge

Is there a place though to have something to show us where it doesn't work? All this works all the time?

Mr. Cannon Yes because you are going to control, you control the purse strings at the top and building through a Master Lease at the bottom. The strength of that lease is up to you as is the strength of the relationship of the City as the Master Lessee in any sub-leases to operators or whatever.

Alderman Gidge

I would just like to ask, please is there anything like this that hasn't worked? Is there anything we can look at Has this not worked someplace?

Mr. Cannon I mean the only ones I know that have failed have failed because of default on loans. There are a couple in Claremont that failed in the mill building. But it was a financial failure not a compliance failure

President Wilshire

Are you all set Alderman Gidge?

Alderman Gidge

Yes I am, thank you.

Mr. Cummings

So to Alderman Gidge's point though there are ways where there are weaknesses that we are thinking about. An example of that is the operator and you know one of the things that I was really concerned with and we have been internally struggling with is making sure we have an operator in place and make sure that operator is reputable. Originally we were thinking we were going to create a non-profit and have that non-profit execute and then we moved away from that and we have a really respected operator who has done this time and time again that should give us confidence that they can replicate it here.

But then in addition to that, what I recommend and I hope will finally occur is the minimum contract that we enter into with that operator be 7 years. So that way the equity investor and the CDE all know what they are buying for the 7 years. So we do have weaknesses, we are trying to think through where those weaknesses are, we are trying to strengthen them so that we have the best project as we move forward. Again, this is evolving; each different element brings about a new surprise which we are trying to address.

Alderman Dowd

I am pretty sure I understand the process and hopefully my questions aren't quite as innocuous. The question I have, oh and before I say that, everyone that is involved in each one of those blocks has a vested interest in this being successful. So for it to fail – somebody would have to have a least invested interest in making it successful and I don't think you'd find that

The first question I have is in the upper left hand corner, the \$15.5, as I understand it we would have to sell the bonds for that to start. So my question is when is that and how is the amount of time to set up the rest of it?

Mr. Cummings

Thank you, so when you'd have to sell it is going to come about after we get basically a letter of commitment. So it is a two-phased type of approval process; a CDE if they are interested in us will give us notice that we are eventually receive the credit or the allocation. Once that occurs, there is a window of period in-between that, 3, 4, 5 whatever it is months and we would need to begin the process of selling the bond and using the bond proceeds. During that time is when you actually set up all these other structures that go along with supporting this deal.

Alderman Dowd

What do you feel is the time-frame to get from the upper block to have everything in place?

Mr. Cannon The bond funds have to flow into the project at closing, and we expect, we hope to hear, get some kind of commitment from CDE's the next round of funding for CDE's is in February, we hope to get some kind of positive reaction, whether it be one CDE or two CDE's by the end of March. Given that we would expect to fall 2019 closing. Once the closing date is set, the bond can be sold.

Alderman Dowd

So I have a question for Mr. Fredette if he's still here.

President Wilshire

Treasurer Fredette, could you come up to the microphone please?

Alderman Dowd

Don't worry it's not going to be a hard question.

President Wilshire

He's up for it.

Alderman Dowd

So my question is with what is happening with the Fed right now are bond interest rates going up and could we sell the bond ahead and keep that money aside or do we have to sell them when this starts?

David Fredette, Treasurer Tax Collector

I would not recommend selling it ahead. There has been discussion this bond might be sold as taxable the rates would be a little higher for a taxable bond versus non-taxable. I wouldn't sell it ahead. We will be ready and prepared to sell when we have to. We could do it fairly quick.

Alderman Dowd

Ok I trust your opinion.

President Wilshire

Director Cummings did you have something to add to that?

Mr. Cummings

Yes and also I just want to point out that it is somewhat of catch 22 that we are in, we are in a chicken and an egg because we technically can't sell the bond until we raise \$4 million dollars. So in our resolution unless we were to amend that again and I really don't want to amend that resolution again, we can't sell it ahead of time. But we as a team here internally in City Hall, Finance, Legal, you know Economic Development along with our consultants have been working on this regularly and we are trying to line everything up and making sure we have all our ducks in a row so when we need to, we can just cut this loose and go as quickly as possible.

Alderman Dowd

As we are trying to, and I know I have had some discussions with I can't remember her name, the person who is trying to raise money?

President Wilshire

Betsy McNamara?

Alderman Dowd

Yes, thank you. It appears like we are trying to get some of this private money just locally but have we had any thought of going to say Boston and people with a lot of money, especially if you are looking at naming rights, quite frankly I don't care whose name is on it if they are going to give a few million bucks for it.

Mr. Cummings

So to answer that question, the answer is yes we are very much looking to sell those naming rights and wherever we can sell those naming right, whatever entity, we are looking at regional actors, we are looking at actors in Boston, major corporations that might have a presence here but have a headquarters in Boston in particular. We have been in active conversations with them.

President Wilshire

All set Alderman Dowd.

Alderman Dowd

Yes all set.

Alderman Klee

Mine is going to be quite easy. These slides, is there any way that we can get them electronically? As much as I love this, I can't see it.

Mr. Cummings

Sue Lovering already has them.

Alderman Klee

Oh she does, ok so we will get them, thank you so much.

Alderwoman Kelly

I just have a quick actually I guess this is for Corporation Counsel, is there a difference between selling the bond and using it in terms of, I think the wording says – no money shall be spent.

Attorney Bolton

I don't think any of this is a problem that we have to worry about. These transactions don't take place until you have commitments everywhere. Then go down the checklist and everything happens in a matter of days if not hours. **Once we know we will have the tax credits to sell, we may not know the exact figure we are going to get, but we know it is going to be over \$4 million; we are pretty sure it is going to be over \$6 million.** So we then have the commitment for the private funds, we sell the bonds, we put that money into the pot and the transaction closes. So it all happens virtually simultaneously and we have assurance that the private investment is going to be there.

Alderwoman Kelly

Thank you that was a really great explanation.

Alderman Lopez

So my question is more about the process of public involvement, so I know Alderman Melizzi-Golja showed a lot of leadership in making sure that we did get this presentation before the Board so that we are all familiar with what is going on. But we didn't have it before, we had the discussion about the last amendment. It said in the video it was very important to be speaking in person, often and very transparently and I think that is

something that we have to be mindful of, because with multiple steps and multiple resolutions that need to be passed, it is going to be very important that we, who answer to the people, are able to articulate why we are doing certain things, we are able to answer questions or address it. So we need the tools to do that, which means we also need to be very transparent and very cooperative at this point, moving forward.

So how do you envision that happening? I know we have the Facebook group and that is a great start. I know we have Performing Arts Center, but where are people to be looking to see updates, what is happening next? I mean is there going to be like a section of the Economic Development Page or where should people be looking?

Mr. Cummings

I am not exactly sure where you are going with that or what you mean by “more information”. I mean this essentially solidified, so this is substantially complete. There’s some additional understanding necessary as we get underneath the Master Tenant, that is an evolving conversation. As the Steering Committee continues to meet, City Hall internally continues to work through the process there will be some additional details and we will be happy to make this available on the Facebook page. I will update the project website page for those people who don’t have Facebook. But I would like to give this presentation essentially to the Steering Committee for the Performing Arts Center, most likely the Capital Campaign Committee is going to want to understand this. So we will start that public education effort.

One of the things I wanted to extend to this group in particular, if you want to have a further conversation about this deal structure one-on-one in a more intimate setting, feel free to reach out to my office. I’ll be more than happy to set up whatever one-on-one meeting or small groups meetings if you feel like you need to get more in detail about this. I’d be happy to make myself available for you and for anyone else frankly, who really wants to kind of understand this. I love this stuff, this is what I do, right? So this is how you make projects work, this is how you attract private, positive economic investment to a distressed area. This is how you start to bring about redevelopment in a community and frankly I hope this is the first of a couple projects that we actually look to do with this, leveraging this private sector money for our community’s benefit.

Alderman Lopez

I personally have no concerns about this now that I understand it. I know I did a lot of my own background research when we started talking about it, to make sure that I knew what I was committing to. I agree, this has a huge amount of potential, I do not believe that this chart is going to explain the steps each ordinance or resolution that comes forward to the Board and I think we need to make sure that the purpose and place of each one is presented in an easily followed format of – this is the checklist, we are doing step 4 right now – this is a checklist we are doing step 6. And I think that having the conversations in the other groups and boards will be helpful because you will be able to have on record the conversations and the questions that I was asking.

And I do recognize the value of having one-on-one meetings and really getting as individuals on the Board, getting literate in this so we can advocate. That is also the opposite of transparent though, so what I was asking is do we have a public step-by-step process that can be followed so people know where we are and what we are doing so there isn’t any confusion about whether – are we changing direction, are we restructuring the rules? There was a lot of public concern that we were changing the guidelines and moving goal posts which I did not believe to be the case, I think our vote reflected was not the case. However, the concerns are going to come up and we may face repeated questions about that. And I want to make sure that this process is as smooth and focused on facts and progress as it can be, especially given that we need to be successful for 7 years if we are going to have our best chance.

President Wilshire

Alderman Lopez throughout the process I have asked Director Cummings to come before this Board and update us regularly on where they are in the process. So he and I have yet to work out the details of how that might look, but I expect it might be maybe the 1st meeting of every month or maybe the 2nd meeting of every month that he can meet with us, maybe at 7:00 prior to a full board meeting and update us. Does that help?

Alderman Lopez

It does, I'm just kind of imaging a flow chart, but whatever people can follow, and whatever is material we can point to when people are saying – are you being transparent, what are you doing now. I think having information coming directly from people involved in the planning, rather than through word of mouth and whatever is going to help us all be on the same page.

President Wilshire

Agreed.

Mr. Cummings

So to the point if I may Madam Chair, we will put together a one-pager flow chart, it will be disclaimed that it will change and evolve. But we are happy to do that, that is easy enough to do. I will say that from now until talking to a CDE this will pretty much substantially stay as is. The next big milestone that will occur is really once we have the CDE on board and we have more robust conversation with that CDE. But between now and then, I will be happy to put a one-pager together and outline this flow chart for you. And I'll be here whenever you'd like.

Alderman Lopez

I just want to acknowledge publicly that I recognize the position you are in because you are putting this together and prior to a couple weeks ago, there might not have been enough certainty of exactly how this will work, who the partners were and all that, so there is a period where there needs to be planning and organization, but I just want to make sure that as we start to introduce multiple motions we have the support we need and there isn't more confusion.

Mr. Cummings

Madam Chair if I may, Niel out of curiosity how many versions of this have you done?

Mr. Cannon 17 probably. I'm just thinking of another version we could overlay this with like numbers and circles and would focus on every place that there needs to be City Council Action.

Alderwoman Melizzi-Golja

That would be very helpful thank you.

Mr. Cannon We will find a way to do it.

President Wilshire

All set Alderman Lopez.

Alderman Lopez

Yes, thanks.

Alderwoman Kelly

My next question is for Mr. Cannon, I wanted to know about the competitiveness, I know that other places are competing and have you ever seen someone not take a project?

Mr. Cannon Oh yeah, it has become a very competitive program. And first of all we don't of those CDE's that currently have an allocation from February 2018 round, every one we have talked to says – we are fully committed, but we know that's not true. They all say that. So I could get a call, the applications for the next round are in June so you can theoretically, and it has happened to me, get a call in May saying – well we thought we were fully absorbed but now we need you because we need to fully deploy our credits before we submit our next application to the US Treasury, because if we are not fully deployed we don't look good. So that is a chance to get existing money that is sitting in there now. But we are really putting our efforts on this next \$3.5 billion dollar round that is going to be announced this February.

We have had plenty of discussions with Mascoma Community Development Entity up in Hanover, they have indicated an interest. This is still pretty big, it might require another one. But there are others, as I said before, we are going to target about 12, there is one in Maine, one in Massachusetts and there are some others in the northeast that we might try to get and there are some others out west that we may try, that have particular comfort in investing in downtowns. So it is going to be competitive. I will just leave it at that. I think it is going to happen. And I hope we get it in this round.

President Wilshire

Are you all set Alderman Kelly?

Alderwoman Kelly

Good for now, thank you.

Alderman Jette

I have several questions. In the middle there, the Investment Fund blue box. I can't read that top number but it looks like \$19 million something.

Mr. Cannon \$19,060,000.00.

Alderman Jette

So does the fact that this, you know the resolution talks about borrowing \$15.5 million. Does this violate that in any way?

Attorney Bolton

No, no, no. The Resolution always contemplated borrowing \$15.5 and raising at least \$4 million dollars from elsewhere, we are even talking about borrowing less and raising more. But no, the authorization for what we are going to borrow through bonds, this is perfectly compatible.

Alderman Jette

Ok thank you. To the right of the Investment Fund, there's another number there in that top box.

Mr. Cannon Yes that is \$6.132750 which is .39% of the \$18.5 and the \$18.5 is the qualified equity investment which you see right there, that's 18.5. So 39% of that is that number, I'm sorry, that number the \$7.2 that is the amount of credits. And 85% of this is the \$6.1 which is the cash equity injected into the fund.

Alderman Jette

And does the City have any liability for that \$7 million?

Mr. Cannon No.

Alderman Jette

No.

Mr. Cannon No.

Alderman Jette

Ok.

Mr. Cannon The City is not the borrower, it's a tenant.

Alderman Jette

Down at the bottom to the right City of Nashua, going back the other way – lease payments. **Just for clarification my understanding is that the operator Spectacle is not going to pay us anything?**

Mr. Cannon **Yes that is correct.**

Alderman Jette

So where do the lease payments come from that we are going to pay back.

Mr. Cannon From the tax payers of City of Nashua who have to pay off that bond. You are just going to circle down and come back up again. That's what makes this a really strong project. **Remember the video we saw and he kept talking about "be open and honest and show your financial statements".** The lender here is the City of Nashua – one step away. This deal, okay I'll show you the City of Nashua's books and the credit rating and everything else, what else do you want? It's as simple as that.

Alderman Jette

So the lease payments that the City would be paying back up are equivalent to the payments that the City would be making on the bond without all of this?

Mr. Cannon **Exactly, exactly. That is why the City has to be the Master Tenant.**

Alderman Jette

And one last question if I could, where does the possibility of getting tax credits from Community Development Finance Authority work into this?

Mr. Cummings

It doesn't to be very clear. This is a whole separate process, this is a New Market Tax Credit Program. What you are referencing right now is a State level, CDFA tax credit program and it is completely separate initiative and strategy that will be undertaken above and beyond this.

Alderman Jette

So whatever money we might get from there and whatever money we might get from private donations are in addition to this \$19 million in the investment fund.

Mr. Cummings

You are very close. What I would suggest to you is it in addition to the \$5.2 million. So yes and so surprise, early on I've been saying – oh we are going to raise about \$4 million dollars in New Market Tax Credit money; what is being modeled, not definite is it looks like we are getting \$5.2. So yes I always was very conservative in talking to you about this, because I would rather come in under than be wrong.

Mr. Cannon Imagine another box over here full of dollars and an arrow that goes there, that's where anything else goes into the project.

Mr. Cummings

That's right.

Mr. Cannon But it doesn't get funneled through the system, and the reason you can't funnel, you can funnel it through the system, whether it be additional bond money or the CDFA money which I have done a lot of projects with, it goes through the system, it goes into the intermediary lender who might have several sources of funding and then into the system. The reason here is we don't want this number to be greater than \$18.5 because if we start to approach \$20 million dollars, it is not going to be competitive. That is a big project. Most CDE's get an allocation of about \$60 million, we'd be asking for 1/3 of the total allocation if we got the \$20 million. So we are sort of fixing it at \$18.5.

Mr. Cummings

So if I could just to finish up, so that \$5.2 on top of that would be if we are lucky \$2.5 and that is where the CDFA tax credit would come in, so \$5.2 plus \$2.5.

Alderman Jette

With what we are looking at here, so this looks like it would raise all the money we would need to build the Performing Arts Center and the additional tax credit money, the additional private donations could be used possibly to pay the lease payments that would go back up here and pay off the bond.

Mr. Cummings

I don't know actually, I would have to run the calculations on that. I learned my mistake last time around. An idea was floated and it sounded reasonable at the time, I would have to go back and look and do my due diligence and tell you whether that could actually be done or not. I don't know.

Attorney Bolton

I don't think advertising that we are just trying to raise money to make the bond payments is the way to raise money.

President Wilshire

Are you all set Alderman Jette?

Alderman Jette

Yes thank you.

Alderwoman Melizzi-Golja

Yes, Attorney Bolton I would agree with you. A couple of things, first of all Director Cummings as we were talking about the contract I was thinking also the operator needs to be 7 years just so we have stability across that 7 year time line and I think that is important for the Performing Arts Steering Committee to hear so people are all thinking in the 7 year time frame moving forward and understanding the importance of that.

To Director Cummings, I did not coach Alderman Lopez, but Director Cummings and I have had conversations about the importance of all of us benefiting from everyone's questions because we all look at this with a little bit of a different background experience.

And I just want to say and Mr. Cannon I don't know if this has been shared with you or not but I almost threw a tantrum to make sure this meeting happened, because your words to my ears, it needs to be open and we need to understand what we are doing. And we were asked to vote on a piece of legislation without this; although some of us had done research, we hadn't had this discussion. That being said, in looking at the timelines you've presented us with, it seems to me that once we get that letter of commitment, then a whole lot of balls are going to start being juggled. That is when we should all anticipate a lot of information coming our way for us to process and to make some votes on.

Because if I am understanding this properly, that is when that non-profit that is going to actually operate the building, that we will be paying our lease payments to needs to be established and everything else that needs to be set up to make this move forward. So that is kind of nice to know because the Performing Arts Center Committee has some other work to do around contracts and design. So while we are waiting for this to happen we have other work to do. But I am anticipating 3 to 4 months we will then really have to be hitting the road to get some of these decisions made. And again, recommendations and input from the Performing Arts Steering Committee but the decisions being made here.

I do have one question and I guess this is questions that have been asked of me and I guess this is where my not fully understanding this and I think wrapping my head around it a maybe a little bit more now. But it sounds to me when we talk about non-profit we are almost talking 2 non-profits. When this legislation was put together we were talking about a non-profit that was going to have about a \$4 million dollar endowment that was going to be used there as a safety or a cushion. We weren't looking at New Market Tax Credits yet as being part of the private money. So it appears to me that in going down the New Market Tax Credit route, which I am fine with, and this all makes sense to me and I do believe that it happens like in 24 hours; this is an established process. It is not something we are inventing. But there are now the two endowments and I guess I just need a little more clarity as to what money is going where, which I think goes to Alderman Jette's question because

and I am reading the legislation and I am appreciating the wording more here because it is saying that – will let the bond at such time the Mayor has determined the private funds, including the New Market Tax Credits total at least \$4 million dollars.

So I am interpreting that as saying after we pay the fees we get that \$1.52 or whatever it is, and that goes towards buying down the bond or not. Ok so is that going into this endowment because it is private money.

Mr. Cummings

I just want to clarify, when you say “endowment” you are talking about the original concept?

Alderwoman Melizzi-Golja

Right.

Mr. Cummings

If I may.

Alderwoman Melizzi-Golja

And that's where ... excuse me, that's where I need the clarification because we have been talking non-profit for so long meaning the endowment and now we are talking a totally different kind of non-profit entity that is going to hold the lease on this building that we will be paying for the building through our tax dollars.

Mr. Cummings

If I may? Thank you. So you are absolutely correct and I am going to .. so this is evolving right? So I am going to need direction from the Steering Committee and from you all as to how you would like this to be structured but essentially what you are talking about is what we will refer to here is Entity A. We have originally always been talking about it being a non-profit, technically it could be an LLC and more to come, but yes there will be an Entity A and for this conversation we will say it is a non-profit. And then it will be closely aligned with this entity right here, which again we will call a non-profit but that will be Non-Profit B or Entity B. They will be independent but very closely aligned with one another. We will need to have agreements with all of these organizations, keep in the back of your mind, there's talk about a list of resolutions that is going to be another document that we are going to need approval to enter into is that.

Then a third non-profit over here, yet to be created, that will have in theory \$2.5 million dollars if you will from the private sector or \$2.5 million of bond proceeds here could go down into that box here, doesn't go through the system. We could capitalize that endowment fund at a certain figure; originally we were anticipating \$4 million dollars, I don't think that is necessary. My opinion on this has evolved to somewhere around \$2 million is all that is necessary. So if you wanted to capitalize an endowment of \$2 million over here and then that, now this is what might be interesting to see evolve and I don't necessarily think we should get into this conversation this evening, but it is an idea I want to float to you.

The Master Tenant then would sub-lease to that non-profit and then that non-profit would then lease to Spectacle Management and then that non-profit would have that, for this conversation, \$2 million dollars. You could have an orderly flow if you wanted to. If you didn't want to do that and you wanted to do it another way, we can absolutely do it that way and you can have a direct relationship as well. But hopefully I am answering you questions, you are going to need at least 3 additional entities, one of those e entities won't actually have anything to do with this system other than originally when we conceived this project we knew we wanted to have some sort of endowment fund or reserve for the project.

Alderwoman Melizzi-Golja

Yeah thank you and I'm sorry if I added to everyone's confusion but I was counting non-profits and where the arrows were going and I'm like – wait the definition has evolved. So I guess just clarify for me that \$5.2 and I understand that private money so I understand how that is being captured and how that is reflected in the legislation we just passed. So where is that going and again is that being used in any way to reduce that because at one point and I don't see it up and I'm sorry my eyes are tired.

You had talked about \$12.something and it seemed to me like we got there by taking that \$5.2 from something, I'm sorry.

Mr. Cannon That's ok. When we decided that the current estimate project cost is the \$18.130 ok in order to get that down to the bottom, the other, the fixed number here was \$18.5 we are not going to go above \$18.5 in terms of a QEI because we want to be competitive. So in getting up to the top here we had to push \$18.5, net \$18,130 and pay the fees so we knew what we had to raise here, \$19,060 – now when we take the fees off we've got the \$18.5. We know that what the credits are going to be on the \$18.5 and the difference between this and the \$18.5 just happens to be the \$12. That's where it comes from, so yes, we are reducing the bond from \$15.5 to \$12.something. And we are paying for a bigger project.

Alderwoman Melizzi-Golja

And Mr. Cannon, the reason I wanted that clarified is because very early on and certainly all of understand that our knowledge of all of this has grown and will continue to grow and evolve. **There was conversation about the New Market Tax Credit being used to reduce the bond.** So that's the question I've had sent to me. Ok if it is going into that third endowment or that third non-profit that Director Cummings was talking about then is it impacting the bond?

Mr. Cannon It is not going into a third endowment, it is reducing the bond from \$15.5 to \$12.something.

Alderwoman Melizzi-Golja

That is what I wanted to be clear, because that is what people originally understood, but when we did this piece of legislation last week there were concerns that it wasn't going where it is going so I wanted to clarify that. Thank you.

Alderman Tencza

So the \$18.5, the QEI that are up there, that figure is based more on what you are looking for for the New Market Tax Credit and not necessarily any quote that you have about construction costs for the project right now, correct

Mr. Cannon If you did the math, that QEI it is almost \$18.7 but we decided we did not want to go there.

Alderman Tencza

Ok but I guess my point is you got to the \$18.5 not because a contractor or someone has told you these are what the construction costs are going to be?

Mr. Cannon Exactly.

Alderman Tencza

That was just more based on what you thought you could get?

Mr. Cannon Right, right.

Alderman Tencza

Ok just so people are clear about that. And then the other question I have is just about the 7 year compliance period because I think that it is a little confusing because of the project we are doing, I think people might interpret that as the project has to be economically viable for 7 years but clearly the library in Keene is not making money for the town right unless they have excessive overdue fees or something like that.

So what is the criteria that the City is going to be judged against, what are our obligations for those 7 years for that loan.

Mr. Cannon You just pay the loan.

Alderman Tencza

So that is it.

Mr. Cannon You have some reporting requirements, but primarily it is to pay the loan. The 7 year compliance period effects more when New Market Tax Credits are used to assist an operating business. So if General Motors was a recipient of New Market Tax Credit financing, it has to do all kinds of assurances that 80% of its labor force will remain in that qualified area for the 7 year period and all kinds of other stuff. But when you use it for real estate, the borrowers of QALICB has no employees, just like any other real estate deal; it is usually an LLC or a partnership, it doesn't really have any employees. So there is really no 7 year compliance issue for this project, other than it takes 7 years to pay out the tax credits to the investors and your leases will have to be at least 7 years. And any option, if the City wants an option to buy the property after 7 years, it would have to be after 7 years, basically buy it for the balance of the debt, because it is paying off the balance of the debt.

Alderwoman Kelly

If I could for a moment go back to the non-profits, at the risk of getting very complicated, would you be able to include that in your flow chart and kind of where they fit in when you update that?

Mr. Cummings

Yes but I need direction, it is not on here now because I have yet to hear consensus strong enough to actually tell me how the community would like it structured. I have heard differing opinions and part of this to some degree, we all have to keep in the back of our mind, President McCarthy who was a big champion of this isn't here now and so he was involved at the very beginning of the structuring of this. He was actually part of the selection team that brought Niel on board. So with him passing now, we kind of took a pause, and now we are kind of re-starting again and trying to re-orientate ourselves and so trying to make sure we satisfy all of the differing stakeholders who are involved in this project is a yeoman's effort and President McCarthy did a great job at that.

I wasn't very sure yet how to actually illustrate it. So once I get a better thought of how the community wants it structured, consensus-wise, I absolutely want to put it on to this flow chart.

Alderwoman Kelly

What do you see as the steps to getting to that consensus?

Mr. Cummings

Well one I want to make sure the Steering Committee has a full conversation about this process and have them make a recommendation as to how they would like to see it unfold. I would like to make sure that this body is comfortable with that and then also the Mayor. I mean those are the 3 big stakeholders that need to come together to make sure that they are all in agreement with how this is structured.

Attorney Bolton

I want to say I am going to be a proponent of now making this any more complicated than it has to be, so another 2 non-profit entities with separate Board of Directors who all have a say where every nickel gets spent, and contracts with the City and arguments over who does what is not what I am looking forward to.

Alderman Gidge

Well it will work if it works it is really good I mean so much money made by so many people we get a little of it. Not doing much research you can see that question, is there anything like we say sign on the dotted line, where would be an extra charge, where could we be charged more? A bank? The bought/sold, there is something that ...

Mr. Cannon I can suggest two areas. One of the options of avoiding extra non-profits is to use existing entities even State—wide entities can be the lender, the intermediary lender. And maybe an existing entity to be the QALICB. I am sure if we did that, there would be a fee, if we were to bring in a State-wide non-profit to be the lender and pool the money and just you know, is it a reasonable fee? Maybe it works; but those are the kind of things, that's why those boxes aren't there because we are talking about it, we are looking for the way to do it. There is always something, but remember you are dealing with yourself, so it's not at the last minute the bank is going to come in and say – you forgot the \$70,000.00 fee for originating a loan. You are originating the loan. So I don't think there are going to be a lot of surprises here. I think by the time, I was told by the construction manager that they will have a guaranteed maximum price with what, by mid-March or the end of March?

Mr. Cummings

Yes by mid-March.

Mr. Cannon So I mean you will have a pretty well locked in budget by then.

President Wilshire

All set Alderman Gidge?

Alderman Gidge

Yes thank you.

Alderwoman Melizzi-Golja

Thank you. Attorney Bolton, I'm with you keep it simple. I guess my only and again my antenna went up about non-profit being a non-profit is because I think we need to have a discussion sooner rather than later about that endowment non-profit because I think people need to understand what the difference and that one non-profit is just leasing the building are our lease payments are going to them and how that is flowing through. And basically after 7 years that like goes away.

Mr. Cannon It's up to you.

Alderwoman Melizzi-Golja

Right but I mean it could go away in 7 years?

Mr. Cannon It could.

Alderwoman Melizzi-Golja

And where the endowment is going to stay there. So I think that is the box I think there needs to be a discussion about and I know that Chairman Lannan invited members of the Steering Committee to come this evening; I hope they are home watching. Because I think that's an important discussion and that we need to get that box up there just because we are getting ready to go out and have a Capital Campaign and that people need to understand that that money is not going into the non-profit that is Entity A. That it is maybe Entity B. So that is my only priority and my concern coming out of this discussion. I am comfortable with the rest of this.

Alderman O'Brien

Thank you. I would just like to say to Mr. Cummings that if your objective and your position with the City is to look at different ways to fund projects and everything else, you hit the game on this one. I think this is something that I can see where Alderman McCarthy was very interested in coming up with a new way to take this type of money. But you explained a lot about it tonight and I think a lot of us, at least I do, did read your December 11th Memo as much as I could understand it, but I did read it.

So the thing is, what would you like out of us tonight, what is the second half of the deal here? Would you like direction from the Board to continue on forward?

Mr. Cummings

My understanding was tonight was a presentation and really just wanted to inform everyone, I want you to feel comfortable with this. I want you to know that I am available whenever you would like to discuss this further. I would like to have this presentation at least 2 or 3 more times with the various groups that I mentioned previously and then ultimately the big thing is to know that there will be resolutions filed either at once or in sequential order, multiple ones, that will need to receive the majority vote of this Board to execute on this program. There is more to come on that but that is ultimately what we are working toward.

Alderman O'Brien

Follow up? If you so wish and I am sure other Aldermen, I'll speak for several here, when that time comes for resolutions please come to see us, because I think the whole thing the tax payers have spoken, they would like to see the Arts Center and this seems like a very viable funding project. It seems to be very modernized; looking at several communities such as from up north Berlin to Keene in the west and everybody has done it so this isn't a new idea so I feel very comfortable with this. Thank you.

Alderman Jette

Just for clarification Mr. Cannon when Alderman Tencza asked you about what the City had to do during the 7 year period, you said pay the loans and I heard an 's' there. You are talking about paying the bond?

Mr. Cannon No I'm sorry, I should say pay the rent which pays the loans.

Alderman Jette

The loans, but you used the 's' again.

Mr. Cannon There are 2 loans, remember there is a Loan A and a Loan B? Loan B is in the amount, the reason there is two is because Loan A is the amount of the net bond proceeds and Loan B is the amount of the Tax Credit Equity and at the end of the 7 years, Loan B is forgiven. You still have to pay down Loan A which is whatever the balance is on the bond at that time.

Alderman Jette

So Loan B after 7 years gets forgiven but during the 7 years we have to make payments on it?

Mr. Cannon Well the payments, no it is interest only and interest equals 0. For tax purposes and everything else, it has got to sit there because you have to be obligated to perform before it can be forgiven. So it sits there for 7 years.

Alderman Jette

Ok but when you say we have to pay interest only but the interest is 0, so we are not paying anything.

Mr. Cannon You are paying, usually there is a servicing fee that is paid on that loan and it represented as a percentage of that loan. We are going to pay all of that upfront because we don't want the rent to be different from the bond payment. So that is all going to be capitalized, it is in the budget.

Alderman Jette

Ok so just for clarification, during the 7 year period?

Mr. Cannon Effectively zero.

Alderman Jette

Ok thank you. Director Cummings, I want to give you a chance to clarify because you said and I'm sure you didn't, when you said that originally we were talking about \$4 million but you think \$2 million would suffice, you are not talking about the \$4 million that is required to be raised prior to the bond being issued, I just want to give you a chance to clarify that in case anyone listening hears that and thinks that is what you meant.

Mr. Cummings

Thank you, no what I was referencing explicitly was the \$4 million dollars for an "endowment fund". \$4 million dollars of private money needs to be raised period. That is understood, my point is though originally when this was conceived, and the resolution as originally passed made is explicit that \$4 million dollars for operating costs or an endowment was necessary. At this point in time, a \$4 million dollar operating reserve or endowment would be unnecessary and I think you could have something much lower than that.

Alderman Jette

Ok but again the \$4 million that has to be raised has not changed?

Mr. Cummings

No to be able to move this project forward and actually go to construction, \$4 million dollars of private money, cash, needs to come in to this deal. How we are getting there, in this scenario, as I've outlined this equity investor, for this conversation let's say it is GE will commit to \$7.2 million which we will eventually ultimately see \$5.2 in cash. That is above the \$4 million dollar threshold of private money coming in to this deal.

Alderman Jette

Thank you.

Mr. Cummings

One last comment that I'd like to make; one last comment just to make sure it is on the record, this has been vetted by bond counsel, this has been vetted with attorneys here within the City; we are working in tandem with everyone and everyone is comfortable with the concepts and the deal structure as outlined.

Alderwoman Melizzi-Golja

I guess just to kind of think about next steps, we just wait to hear you've got a commitment? I mean the work now it is on your side and we wait to get a commitment and then things will start moving again and we will be required to do some things. And if there is any change in this other than talking about the endowment that we've been talking about that is capturing the private donations raised locally, that may be moving but that is going to be separate from this at this point?

Mr. Cummings

That's right.

Alderwoman Melizzi-Golja

I just wanted clarification so everyone is really clear about timelines.

Mr. Cummings

The only other additional comment I'll make is in preparation to that, I will be going out and making sure that a PR or Public Awareness Campaign occurs a couple times, a few times to make sure everyone is well aware of this as we move forward so it is to no surprise for everyone.

Alderwoman Melizzi-Golja

Thank you.

Alderman Dowd

Motion to Adjourn.

President Wilshire

Well first we would like to thank our consultant for being here and we appreciate all the time and the explanation he gave.

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN - None

ADJOURNMENT

**MOTION BY ALDERMAN DOWD TO ADJOURN
MOTION CARRIED**

The meeting was declared adjourned at 8:45 p.m.

Attest: Patricia D. Piecuch, City Clerk

NASHUA PERFORMING ARTS CENTER – KEY ELEMENTS OF NMTC’S

NUMBER 1

Assisted business must be a corporation or partnership that exists in a qualified area. This is called at Qualified Area Low Income Community Business or “QALICB”.

This means that the City of Nashua cannot be a direct beneficiary of the program, but it can participate as a Lessee of QALICB property.

NASHUA PERFORMING ARTS CENTER – KEY ELEMENTS OF NMTC’S

NUMBER 2

The amount of the tax credit is 39% of Qualified Equity Investment (“QEI”). So, for example:

QEI Amount: \$1,000,000

Credit Amount @ 39% = \$390,000

The credit can be sold to an investor in order to raise cash (equity) for the project. Current Pricing is estimated at \$.85/\$1.00. Therefore:

\$390,000 in credits sold at \$.85 = \$331,500 in equity for the project.

NUMBER 3

There are fees involved! Generally, these reduce the value of the NMTC by about 15%.

<i>Proceeds from Sale of Credits:</i>	<i>\$331,500</i>
<i><u>Fees @ 15%:</u></i>	<i><u>(\$49,725)</u></i>
<i>NET EQUITY:</i>	<i>\$281,775</i>

The key is LEVERAGE!

\$281,775 (28%) leverages \$718,225 (72%) in debt.

NASHUA PERFORMING ARTS CENTER – KEY ELEMENTS OF

NMTC'S

NUMBER 4

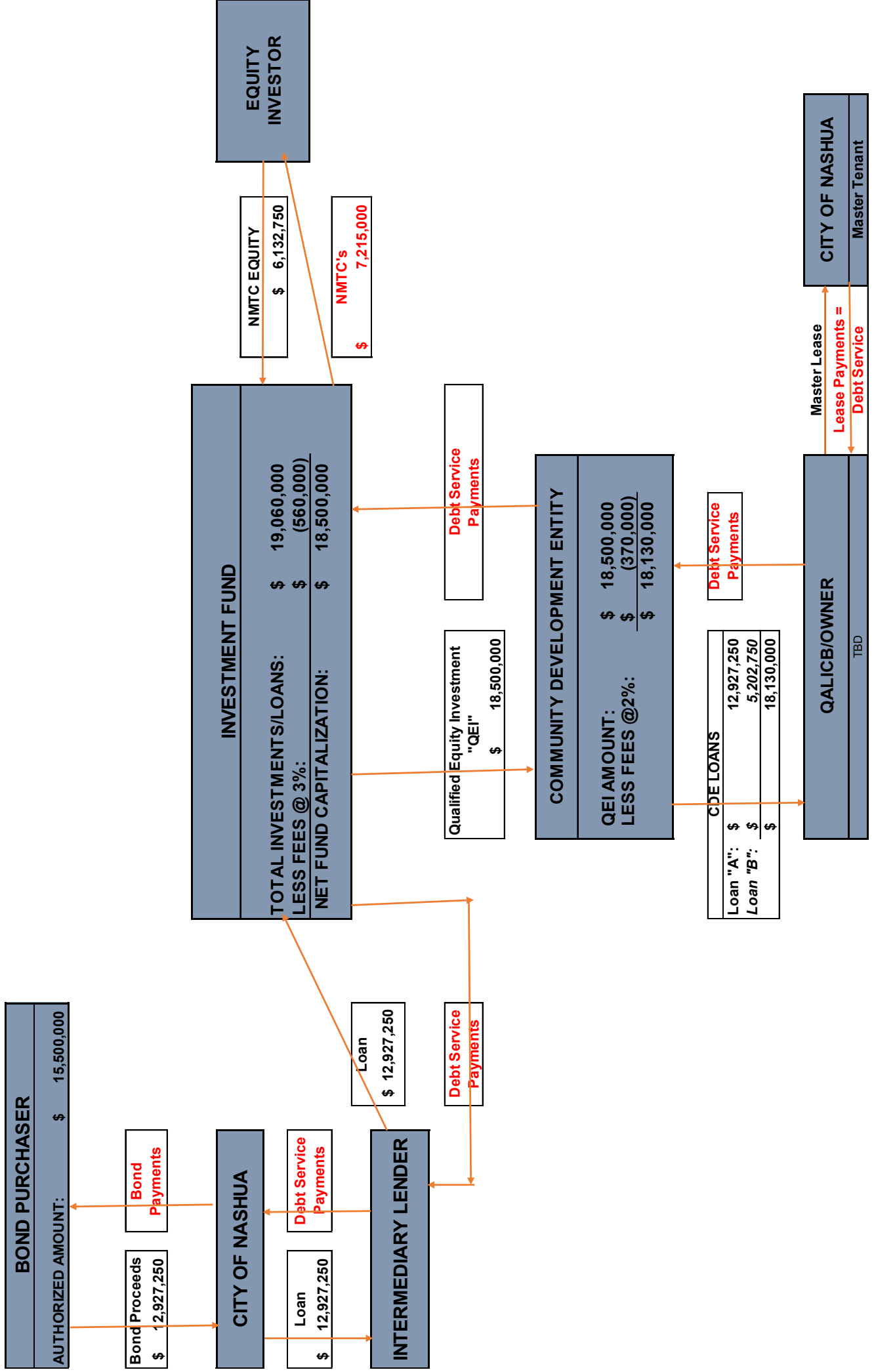
There is a 7 year compliance period. After that, any restrictions on the transaction go away!

**NASHUA PERFORMING ARTS CENTER – KEY ELEMENTS OF
NMTC’s**

NUMBER 5

Community Development Entities (CDEs) are the key to NMTC funding. CDEs are awarded credits by the US Treasury. CDE’s must sub-allocate these credits to worthy projects that meet program guidelines. Therefore, we must convince 1 or 2 CDEs that the proposed project has financial strength and results in positive community impacts.

NASHUA PERFORMING ARTS CENTER: DEAL STRUCTURE



Calculating NMTC Amount

Qualified Equity Investment ("QEI"):	\$ 18,500,000
Credit Rate:	39%
Total Credits:	\$ 7,215,000
Credit Price/\$1.00:	\$ 0.85
TOTAL EQUITY INVESTMENT:	\$ 6,132,750

Calculating Loan B Amount (Net NMTC Equity)

Total NMTC Equity Investment:	\$ 6,132,750
Less Fees	\$ (930,000)
LOAN B AMOUNT:	\$ 5,202,750



Keene – Example: Library Project (\$15.5M)

