

**SPECIAL COMMITTEE ON
JOB CREATION/JOB RETENTION & ECONOMIC DEVELOPMENT**

December 18, 2012

4:30 p.m.

Chairman Arnold called the meeting to order.

The Clerk called the roll.

Present: Aldermen Arnold, Ludwig, Long, Corriveau, Katsiantonis

Messrs.: C. Wellington, N. Kershaw, S. Owen, L. LaFreniere, W. Stewart

Chairman Arnold addressed item 3 of the agenda:

3. Update from the Economic Development Office on economic development projects, if available.

Chairman Arnold stated in the absence of an economic development director, I believe Mr. Wellington is prepared to give a brief update on some projects with the committee's indulgence.

Mr. Chris Wellington, Marketing and Retention Specialist, stated I'll go over a couple quick projects, but, if you guys have any questions, I can further elaborate on anything that you have. One of the projects that we are working on is Dunkin' Donuts on Granite and Second Streets, so we are hoping that they will be able to close at the end of January. That is new construction, which we think is important. I have been contacted by two chain restaurants that would like to come to Manchester and that would be new construction as well. The locations are on South Willow Street and then also on Second Street, where they would like to be. We are discussing some possible options with them and we are still at the beginning stages. One other thing I will mention is our Brownfields program.

We received \$400,000 from the EPA and we received \$200,000 for hazardous materials and we have been pretty successful at getting that money out. We only have about \$4,000 left and it has led to a couple different developments: Mill West, the Coca Cola building and River's Edge. Those are some great examples of what can be done with that money. Also, we have some petroleum money, which we have had a little bit more difficulty with and that is usually for gas stations. We are working with one owner who owns one, possibly might buy another, if we are able to provide him with some funds for phase one and phase two testing. So we are going through with that. That is a brief update of what we have, but I would be happy to answer any questions. The mayor is here as well to follow up.

Chairman Arnold asked Mayor, do you have anything further?

Mayor Gatsas replied no, I think that, over the last few weeks, Chris has been doing a great job. I think that he has done the things that I think were important to the community, to make sure we get to developers and talk about issues that may have not been on the table before, to entice them to come into Manchester. As he talked about, there are a couple of projects that are on the horizon that could be happening in the City. I think that he is working well with the Planning Department to get as much information as he can, for developments that are in the pipeline, so he can contact them and move forward with a positive note for the City, that he is here to help them, work with them and move the projects forward.

Chairman Arnold addressed item 4 of the agenda:

4. Discussion regarding the Manchester Development Corporation.

On motion of Alderman Long, duly seconded by Alderman Ludwig, it was voted to discuss this item.

Chairman Arnold stated at the invitation of the committee, Newton Kershaw, who currently serves as chairman of the Manchester Development Corporation, is here this evening to give us a little bit of background on the Manchester Development Corporation. Alderman Long and I have the privilege of serving on the board of directors of MDC and we thought it would be good, as a significant stakeholder in the community, certainly concerned about economic development in the greater Manchester area, we should have them come in and discuss the perspective that the MDC brings to the discussion. I think he is joined by another board member from the MDC, so I'll turn it over to them for discussion and then if we have any comments or questions we can take it from there.

Mr. Newton Kershaw, Chairman of the Manchester Development Corporation, stated thanks for having us in. I'm joined by Sean Owen who is a current board member and former chairman of the board of MDC. The Manchester Development Corporation is a 5.01 C:3 non-profit that is a pseudo arm of the City. Its mission is, essentially, to help a long term vision for development in the city and has a balance sheet, meaning monies available to fund certain projects, that would be beneficial to the growth of the city. I will give you a background on some projects that have been done in the past. For example, the Chase Block, which is a 46,000 square foot building downtown, the MDC lent \$200,000 to that project; the Dunlap Building, which is a 24,000 square foot downtown building, the MDC lent \$450,000 to that project; the McQuaids Building downtown, which is a 23,000 square foot building, the MDC lent \$250,000 to that project. The

MDC has been involved in the Wall Street Towers building downtown in the past, has been involved with bringing UNH Manchester to the downtown mills from their former location at Hackett Hill; has been involved in Hackett Hill and understanding what its next iteration might be to help it develop productively. More recent loans have been a \$500,000 loan that was given to the developers of La Quinta Hotel at Exit 6 in Manchester, which enabled that hotel to be renovated in a way that it hadn't for dozens of years. Also monies that were lent to the building downtown, which has a copper façade that has recently been nearly completed right at the heart of downtown, monies were lent to that group and that project was able to happen. Untimely, there are two things that I would highlight that the MDC is instrumental in. I have just given you examples of many of the types of loans that we are involved in. Also the Manchester Development Corporation has funded monies into a revolving loan fund, an \$800,000 funding of the revolving loan fund, which can then put smaller amounts of money to use to fund smaller projects for businesses throughout the city. To date, we have about three-quarters of that money, which is currently, productively been lent into projects. Also, I think it is key to note that the Manchester Development Corporation has a very large stake in understanding what is the best way for development to occur in the city, over the long term, and works closely with the Manchester Economic Development Office, as the Manchester Economic Development Office staffs the Manchester Development Corporation's board and carries out all of the administration for all of these loans, that are able to help for development to occur in the city. I will turn it over to Sean, as he has a couple more years of experience than I and he might add some different color. That is some general color that I would add to what the Manchester Development Corporation is involved with.

Mr. Sean Owen, Manchester Development Corporation, stated I think Newton covered pretty much most of what our mission is. The only other thing that I would add is that any of the loans, where there are MDC monies or whether it is MEDO revolving loans fund, are tied to job creation, so it is not just development activity, it is actually job creation. Also one of our missions is to make sure that we are not competitive with banks, so that we are actually giving our monies that wouldn't normally be given to a project that is probably gap funding to allow it to happen that wouldn't have happened before. Those are probably the only two things I would add.

Mr. Kershaw stated I think it would be productive to open it up for questioning.

Chairman Arnold stated thank you for the overview and thank you both for being here. Sean, if the MDC has been in this chamber to have a conversation like this with the aldermen, it has probably been over a decade since it occurred, so thank you both for being here. Are there questions or comments from the committee?

Alderman Long stated thank you, Mr. Chairman. I think MDC is critical with respect to this committee because they do firsthand and then they are more in businesses face than we would be so, as a committee member, I am dependent on the MDC to give us suggestions or to hear from you on a regular basis, even though I sit on the committee, for the rest of the members, it would be good.

Alderman Corriveau stated Newton and Sean, thanks for coming. Really just a general question: what are you seeing in terms of development in Manchester right now? Obviously, we are emerging from an economic downturn, but do you think Manchester in general, in macro terms, is keeping pace? I'm not necessarily asking about any particular industries, although if you would like to get into that

that's fine, but do you see our city doing particular well in anything or not doing particularly well in any other economic areas of development? What are we doing well, what are we keeping pace with and what do we need to do better in terms of development?

Mr. Owen replied I'll start with the good stuff. We just spoke to a number of communities regarding MEDO and I think that allowed us to get some insight in terms of the activity that they are seeing. Certainly, it is not unexpected that what we hear is a lot of hesitation and speculation about whether someone will move forward with a project and whether it is at the engineering stage or the architectural stage or if it is just taking longer. I don't think that Manchester is at a disadvantage, in terms of what we have seen, in terms of other communities. I think what we do well, to a great degree, is welcome in new projects. What I think we don't necessarily do as well, is see those projects through. We welcome them, we want to see the growth, we want to see the expansions and we start the process very well, but we may not be as good as some communities at seeing it through to completion.

Alderman Corriveau stated so in terms of the creation of economic development, you think we are keeping pace in terms of retention. Are we keeping pace in terms of keeping business here?

Mr. Owen replied I don't know that we would have a number to actually support that, Alderman, so I can't speak to that. I know that, similar to the way that Chris Wellington gave his report tonight, there is still a fair amount of inquiry and there is still a fair amount of activity and we are keeping pace with making sure that we can respond to that to a degree. I think we could do better and making sure that we are acting proactively rather than reactively to inquiries that come in.

Alderman Corriveau stated I understand that we will be getting into more in depth discussion later. I guess I was just curious, from the perspective of your organization, being fully concentrated on development, if in the past couple of years, and I don't know how much forecasting you do for the upcoming years, but sometimes it is hard from our perspective, we look so much at Manchester itself, we don't necessarily look outside to see if we are keeping pace, or if we are doing well. I don't know if MDC sometimes does that, looks at development happening in other comparably sized New England cities, but it is always a valuable perspective for us to have.

Mr. Owen stated we have a number of board members on MDC, who are bankers, lawyers or developers themselves. I think the only information I could add is that, anecdotally, they do see Manchester as being a fairly active place, for the last few years, considering the economic decline.

Alderman Long stated with respect to the other communities, the shortness of not following through, do they have a point person, the ones that, in your opinion, follow through, is there a person dedicated to that?

Mr. Owen replied there is. We will be getting into this later, but probably the city or town that did it the best, in our opinion, was Concord. If you look at what Concord does, they actually appoint someone under the city manager, whose pure responsibility is to see development go from start to completion and that is all their responsibility is. They do it very well because it is their concentration.

Alderman Long asked that person isn't in the planning department? It is under the city manager?

Mr. Owen replied correct.

Alderman Long asked is that person by himself or is there a department?

Mr. Owen replied there is a department of three, if I recall correctly. I would have to look back at my notes, but I believe it is three.

Alderman Long stated the description of their job is more than just following projects.

Mr. Owen stated it is very much advocacy for all the projects. They maintain some of the funds for community block development grants, they maintain some of the programs that MEDO used to do, such as façade programs and some of their revolving loan funds, which aren't necessarily as large as Manchester's, but they do all of that in that same department.

Chairman Arnold stated for the committee's information, as I'm sure you saw on the agenda, following the adjournment of this meeting we will be having a joint committee meeting with the Committee on Administration/Information Systems, to discuss further the future of the Economic Development Office some of the issues which Alderman Long touched on. Gentlemen, can you expand on the job expansion loans. How do those loans work? Who are they offered to? Have they been successful in the past and how do you qualify an applicant for you to make an investment in something like that?

Mr. Kershaw replied we do have an investment guidelines sheet, which was developed in 2001, and we are looking at job creation and retention as applicants bring forward what they are looking to do. The projects need to be within the bounds of Manchester city proper. Loans or equity investments are what are considered to be made; there are no grants. Projects are looking to be done in

participation with other lenders, with community banks, as opposed to us being the sole source lender. As Sean said earlier, we don't look to compete with banks so if there is a deal that can be done, the bank is going to do that deal before we are going to do the deal. There is a whole other list of investment guidelines which I can make available to you, but ultimately, looking at these criteria one would need to be bringing jobs or retaining jobs that would otherwise be lost in order for us to consider it as an appropriate loan to fall in the category.

Mr. Owen stated if I may follow up on that, there is an important distinction that MDC has its own monies, versus MEDO. MEDO is much more focused on the smaller loans with the job creation; where MDC is much more focused on the development itself from happening. They are completely different loans, if you will, but obviously equally important.

Chairman Arnold stated just for clarification, if I may, the revolving loan fund, which historically has been maintained by MEDO, are separate from the loans and investments that MDC would make, right?

Mr. Owen replied correct.

Chairman Arnold stated so on the City side there have been job expansion loans or business expansion loans. MDC has focused more of its attention on the development of the project in the first instance, correct?

Mr. Owen replied right.

Mr. Kershaw stated I'll try to clarify a little further. There are two revolving loans funds: there is the City revolving loan fund, which has nothing to do with MDC. The City's revolving loan fund was successful in putting into business some

businesses downtown and the MDC saw that as something that it wanted to put some of its monies into. It started its own separate and distinct revolving loan fund, a MDC revolving loan fund, and that is different than the typically loans it makes, which are commercial real estate loans where there is property that is backing the loan, as opposed a loan to a company that might not be backed by real estate.

Chairman Arnold asked just out of curiosity, what sorts of projects are we talking about? Is it a diverse of industries? I know that I participate in some of the discussions at MDC board meetings, but for members of the committee who might not be familiar, does the investment guidelines sheet promote emphasis in particular industries or is it across the board or case by case?

Mr. Owen replied for the MDC loans, it is across the board. The other most significant differentiation between the two loan funds is really the dollar amount. Most of the loans that MDC is involved in, as Newton said, are property backed and they are in the \$500,000 or \$1,000,000 range. MEDO revolving loan funds are typically smaller; they are in the \$50,000 maybe \$100,000 range. Those are directly tied to a piece of equipment or an expansion of an office. They range across all industries. There are some restaurants, some salons, convenient stores, a laser builder; quite the mix.

Mr. Kershaw stated aviation technology. It is across the board.

Chairman Arnold stated gentlemen, I will look forward to hearing the presentation at the next meeting. In the meantime, thank you. Hopefully this won't be the last time that we will be having discussions. I hope we can continue the dialogue.

Mr. Kershaw stated I'll offer that it is an initiative of MDC, currently, to get up before the BMA during the three minute public session and give updates on what is going on. I have done that once before. I hope to do it quarterly.

TABLED ITEM

5. Discussion regarding a "How to Open a Business in Manchester Manual".
(Note: Tabled 11/2/2012; Planning and Community Development Director to distribute manual to Chamber of Commerce for input)

On motion of Alderman Long, duly seconded by Alderman Katsiantonis, it was voted to remove this item from the table.

Chairman Arnold stated for the committee's information, this was tabled back in November. At that committee meeting we had received a report from Planning and Community Development. I believe the draft document is attached to the agenda today. Everyone has had an opportunity to review it. I know at the last meeting there was a concern about stakeholders in the business community weighing in on certain issues that were important to them. I believe that at this point the consensus is that we should continue a conversation about how to make our business regulatory structure more economic development friendly, more business friendly, but we should also have something in place that adequately explains the current process, as it exists today. I guess I will be looking for a motion to send this up to the full board, not for the meeting this evening, but the following full board meeting. Is there any discussion or questions on this item?

Alderman Long stated my understanding was that this went to the Chamber and I'm wondering if Mr. LaFreniere had heard back from the Chamber, with respect to this document.

Mr. Leon LaFreniere, Director of Planning and Community Development, responded I did meet with some representatives of the Chamber's infrastructure committee and received some positive comments. I don't wish to speak for the Chamber, though, in terms of what their total reaction is. However, they are here this evening and might provide you with that feedback if you would like.

Alderman Long stated I do want to send it to the full board, but I want to send it to the full board knowing that the Chamber weighted in. Were there any changes to the draft that they recommended or that you are in agreement with?

Mr. LaFreniere replied not really. What we are hoping to accomplish with this document, which was not to change the process fundamentally, but rather provide some more clear definition to it, for those who are subject to its utilization. What we are hoping to do here is put a document in place, not a regulatory document, but actually a guide that we could change, modify and improve as appropriate. We are not necessarily looking for adoption, but we are hoping that this document could provide a model for that and then we would like to commit to keeping it updated and working with our various stakeholders to make sure that it accomplishes that goal. Second, the discussions have clearly been oriented around process changes that could take place that might in fact result in more fundamental changes to the process. I have continued discussions with the Chamber, to that end. I believe the Chamber has a committee that has continued to discuss that. We are trying to set up a meeting for January to have discussions between representatives of my staff and representatives of that committee. I would anticipate that out of that process we will be coming back with additional comments for this committee and the full board.

Alderman Long asked we would be sending this document to the full board, looking for their approval and this would be a working document, an FYI more or less.

Mr. LaFreniere stated that would be my request because rather than have the board adopt it, I really look at this as a living document that will change and improve continually through its life. I would like to think that we can make those changes and improvements on the fly, obviously keeping the board fully aware of whatever modifications we might make. It is not something that carries the weight of a regulatory document and I just wanted to be clear about that.

Chairman Arnold stated I am going to respond to some comments that Alderman Long made, but I'll yield to Alderman Corriveau.

Alderman Corriveau stated Leon, and this may also be for the representatives from the Chamber of Commerce, it seems to me that the document is only part of the equation here. The next aspect we have to look at is getting this document out there, people having access to this information. It is one thing to have the information ready, it is another for people to read and review it for the people who are looking to start businesses to have easy access to it. What is the plan in terms of getting those potential small business owner into their hands? Is there going to be a website, social media, pamphlets available at the Economic Development Office, at the Chamber? What are we looking at?

Mr. LaFreniere replied I think all of the above. My vision for this is that it will be a document that, first and foremost, is available at whatever first point of contact exists within the development process as it currently exists. By that, I mean that we would have them available in our office and encourage their distribution. Also, with our economic development efforts through our Economic Development

Office or whatever form that takes moving forward, the Mayor's Office, I would hope that our partners, at the Chamber and MDC, would provide us with an opportunity to help get that document out, as well as putting it on the website as a separate link that people could access. Once we get this refined in its presentation format, because I think we can tighten it up a little bit, and we can make some improvements with regard to making it a little more user friendly in terms of its appearance, I would advocate that we put it as a link on the City's main webpage so anyone who is Googling Manchester and pulls up our city website can see that as one of the primary links.

Alderman Corriveau stated I would assume that is something you will talk to IT about.

Mr. LaFreniere stated yes, we will work that out internally.

Chairman Arnold stated Leon, I don't want this document to be adopted as a regulatory document either, but I share the interest with my colleagues that it be disseminated to the public as soon as possible and it seems like you have a plan to make that happen. It is not my expectation, speaking for myself, that you have to come back to this board to request a change to it every time you want to make a change. I would like to think that you would revise it as appropriate and of course keep this board apprised of those changes.

Mr. LaFreniere stated that was my intent.

Chairman Arnold stated that would be my expectation moving forward. I don't know if the Chamber wanted to comment briefly on this document or the process or the discussions they have had with planning.

Mr. Will Stewart, Vice President of Economic Development and Advocacy for the Greater Manchester Chamber of Commerce, stated I would like to echo what Leon said; I think he was spot on with just about everything. We do see it as a work in progress. We have been working collaboratively and, as he said, we do have plans to continue to work, both with regard to the guide and the process itself, recognizing that there are always areas for improvement, and that we do have a number of stakeholders through the Chamber, who will be meeting with City staff starting with Planning and Community Development to make those changes going forward. We hope to have a continuing dialogue with City staff and the aldermen. We do plan on disseminating this document via our channels as well.

Chairman Arnold stated we appreciate your efforts in that regard too.

On motion of Alderman Long, duly seconded by Alderman Ludwig, it was voted to accept the "How to Open a Business in Manchester Manual".

6. Communication from Alderman Arnold regarding economic development incentive programs and required enabling legislation.
(Note: Retabled 11/2/2012; Originally tabled 6/18/2012; Communications from the Economic Development Director and the Assessor are attached)

This item remained on the table.

*There being no further information, on motion of **Alderman Long**, duly seconded by **Alderman Corriveau**, it was voted to adjourn.*

A True Record. Attest.

A handwritten signature in black ink, appearing to read "Matthew Normand". The signature is written in a cursive style with a long, sweeping underline.

Clerk of Committee