

CITY OF LACONIA – CITY COUNCIL
February 11, 2019
Armand A. Bolduc City Council Chamber
6:00 P.M.

Call to Order

Mayor Engler called the meeting to order at the above date and time.

Recording Secretary

City Clerk Cheryl Hebert

Roll Call

Mayor Engler noted five (5) Councilors were in physical attendance and Councilor Lipman was present via telephone.

Councilor Lipman arrived in person at 6:41 PM.

Colonial Theatre Background Presentation

Mayor Engler noted for the record that Justin Slattery, Executive Director of Belknap Economic Development, Kris Kelley, Chair of Belknap Economic Development, and Gary Groleau, Chair of the Oversight Committee were also present to assist in answering any questions the Council may have.

Mayor Engler provided to the Council copies of the three (3) Resolutions that pertain to the Colonial Theatre. Mayor Engler gave a brief history of the Colonial Theatre Project and how the City became involved. In 2015 Jack Duggan from Monadnock Development Corporation gave a presentation regarding the New Market Tax Program to help redevelop the Colonial Theatre. The City was not a part of that presentation. The City voted to lend BEDC \$1.4 million to purchase the Theatre from the Baldi family. The City also made a commitment to loan as much as \$3 million. In return of that loan, the City will have the option to buy the Theatre at the end of seven (7) years. The Theatre can only be leased for seven (7) years due to the New Market Tax Credits. Mayor Engler explained the last Resolution that was passed regarding the theatre was RES-2017-24 which in summary commits Laconia to loaning a sum of \$4.2 million in public funds for the purpose of renovating the Colonial Theatre. The total of the loan was increased due to the increase in construction costs. Roughly \$900,000 will go to lighting and stage equipment. Originally this was being done to establish a municipal auditorium. That concept is how the City would pay for it. The ideal goal is the City would sublet the theatre to a production company and that production company would manage it. In order for this to happen, the Mayor seems to think there would need to be a good deal for them on the table.

Councilor Cheney questioned what the maintenance costs would be. Mayor Engler stated the heating and electricity costs would probably run about \$50,000.00 a year.

City Manager Myers stated at first the City would not be looking at additional employees, but would probably need someone trained to operate the sound system and lights. In addition to that, janitorial costs would be added.

Councilor Cheney questioned the status of the donations.

Justin Slattery explained the financial aspect of this project. The following is a list of items that are required for the closing to go through:

1. New Market Tax Credits – the next allocation is due late February, early March of this year through Mascoma Bank. The amount is \$4.8 million from these tax credits. These credit are a federal and economic development program. This project meets a lot of the goals of this program.
2. City of Laconia - \$4.2 million
3. Historic Tax Credits – This is a federal credit of 20% for projects like the Colonial where you rehab and restore the building and meet the requirements of this program. The value is estimated at a little under \$2.3 million.
4. Capital Arts Campaign – This was started by Rod Dyer in order to restore the Colonial. This campaign has raised, as of this morning, a total of \$1.5 million. Out of that \$873,000.00 is in the bank account. The rest are pledges. \$500,000 worth of pledges are outstanding and the remaining donors are paying down their pledges.
5. Community Development Finance Authority – A tax credit award from the State of NH of \$650,000.00, net \$520,000.00.
6. LCHIP (Land and Community Heritage Investment Program) - \$500,000.00 grant was received.
7. CDBG (Community Development Block Grant) – This is very similar to the New Market Tax Credit program. They awarded this project \$470,000.00.
8. NH DES and Lakes Region Planning – A grant in the amount of \$200,000.00
9. Business Finance Authority – loan to BEDC for \$215,000.00 (the rate is under 3% and interest only will be paid for seven years).
10. Leverage Lender Equity - \$15,000.00 Cash from BEDC will need to be brought into the project. This is required by the New Market Tax Credits.

Mayor Engler reiterated all of the above items have to be at the closing. If one item is missing, the project does not happen. The Mayor also explained that any of the money from the pledges that is missing will be covered by bridge loans. The Business Finance Authority amount can fluctuate. If some money does not show up to closing, BFA is willing to loan BEDC up to \$782,000.00.

Mayor Engler submitted into a record a brief memorandum that he read.

Adjournment

With no other business to come before the Council and with no objections the meeting was adjourned at 6:58 p.m.

Respectfully Submitted

Cheryl Hebert, City Clerk

MINUTES OF THIS MEETING WERE APPROVED ON FEBRUARY 25, 2019 AT THE COUNCIL MEETING