THE NASHUA

PERFORMING ARTS CENTER

Amplifying the Arts in Nashua

Proposal for New Markets Tax Credit Financing

January 2019

NASHUA PERFORMING ARTS CENTER

PROPOSAL FOR NMTC FINANCING

General Information

Project Name: Nashua Performing Arts Center

Organization: City of Nashua, NH
229 Main Street
Nashua, NH 03061-2019

Contact: Tim Cummings, Director of Economic Development
City of Nashua
603-589-3072
cummingst@nashuanh.gov

Sponsor Information

The borrower (QALICB) will be a non-profit entity that will be formed shortly. An affiliate of the QALICB will borrow the funds – in the form of bond proceeds -from the City and loan them to an NMTC Investment Fund. As indicated in Exhibit A, we are seeking an NMTC sub-allocation yielding a QEI of **$15,000,000** from one or more CDE's.

Project Team Information

The City of Nashua has assembled an experienced and dedicated project team with a strong background in NMTC-funded projects.

Architect: Icon Architecture
Boston, MA
Ned Collier, Principal
617-451-3333x124
ncollier@iconarch.com

Construction Manager:	Harvey Construction Bedford, NH Rob Prunier, Vice President 603-621-2299x145 rprunier@hccnh.com
Owners Representative:	Tim Cummings, Director of Economic Development
Accountant:	TBD
Compliance/ Community Impact:	Niel Cannon/Tim Cummings
NMTC Consultant:	Niel Cannon New Hampton, NH 603-496-0214 nielcannon16@gmail.com
NMTC Attorney:	John Kaminski Drummond Woodsum Portland, ME 207-253-0561 jkaminski@dmwlaw.com
NPAC Operating Entity:	Spectacle Management Lexington, MA Peter Lally, President 617-531-1257 plally@SPECMGT.COM

Project Location

Street Address:	201 Main Street Nashua, NH 03060
Census Tract:	33011010700
Community Type:	Major Urban Area

The LIC is located in a metropolitan area and qualifies for NMTC based on "severe distress":

- Per-cent of Persons in Poverty: 29.3%
- Median Family Income: $26,908
- AMI: $85,968
- MFI as % of AMI: 31.3%

The census tract is also designated as a qualified "Opportunity Zone" by the U.S. Department of the Treasury.

Project Description

The proposed financing is for a real estate project and involves the purchase and adaptive re-use of two buildings (one property) for a performing arts center. The property is located in the Central Business District of Nashua, New Hampshire's second largest city. The property currently contains about 33,600 square feet of floor space. Except for 4 apartments, which are being vacated, the property, a former shoe store, is presently vacant.

In addition, the basement level includes about 10,000 square feet of storage space.

For existing conditions, building location, and conceptual building lay-out, see Exhibit B, attached. As indicated therein, the proposed plans call for a theater seating capacity of 750 on two levels. Due to the inclusion of retractable seating, the main level would yield a standing room only capacity of about 1,000 for band

events and a table and chair capacity of about 250, excluding balcony seating. In addition, the preliminary layout provides for about 3,200 leasable square feet for retail and restaurant uses along Pearl Street and Main Street.

No businesses that are ineligible pursuant to NMTC guidelines will be located at the subject property.

Social Investment Criteria

Demonstrated Support of Local Community

The proposed project enjoys widespread support within the City and has evolved via public planning process that has included over 10 public hearings and public workshops within the past 2 years. The evolution of the project has been guided by a Steering Committee whose members are representative of the community. Finally, a comprehensive feasibility study, which recommends implementation of the proposed project, was completed and presented to the City Council in May 2017.

City voters supported the project in a non-binding referendum conducted in November 2017. Finally, bonding for a portion of project costs was approved by the City Council by a vote of 14 – 1 in February 2018, and an amended bonding resolution was adopted on November 9, 2018.

Evidence of community support is included in Exhibit C, attached.

Contribution to Long-Term Development

Nashua was recently presented the "Creative Economy Award" by the NH Council for the Arts, which called the city one of the New Hampshire's "premier destinations for the arts". With this recognition, as well as the strength and diversity of area arts and cultural organizations, the City views a Performing Arts Center (NPAC) as a means to complement the City's ongoing efforts to revitalize the Central Business District by attracting visitors and shoppers, supporting business expansion, and encouraging private investment. The key objectives of the

project are consistent with the Nashua Arts + Cultural Plan (2015) and the Consolidated Plan for Community Development Block Grant + Home Investment Partnership Program (2010). These objectives include:

- Creating a unique brand for culture in Nashua;
- Developing a citywide collaborative association of arts and culture;
- Engaging residents of all ages, backgrounds, income levels, and abilities in arts and culture;
- Producing new economic opportunities by integrating the arts into public and business policies;
- Strengthening neighborhoods; and
- Improving economic opportunities.

Environmental Sustainability

The proposed project will contribute to environmental sustainability by rehabilitating a substantially vacant and underutilized facility rather than building new. The latter option was considered but was discarded due to (a) a lack of a suitable downtown location; and (b) relative costs/square foot.

Although the project will not seek LEED certification, it will incorporate several LEED features, including:

- Super insulated building envelope, including low-e insulated glass;
- LEED compliant roofing to address solar heat island effects;
- Solar orientation-responsive facades and interior daylight controls;
- Finish materials with a high percentage of recycled content;
- Specified Low- and No-Voc materials to the greatest extent possible;
- Enhanced stormwater management;
- No new parking;
- Low flow plumbing fixtures;
- LED lighting throughout, including stage, and occupancy sensors to manage consumption;
- Energy star heating (natural gas) and cooling (electric) systems; and

- DDC mechanical controls to provide remote access to assist in managing energy consumption and identifying trouble spots.

Economic Impacts

Direct Benefits – Employment Opportunities

- Construction of the facility will create a minimum of 120 jobs (FTE's). All of these persons will be paid in excess of a living wage. It is estimated that 50% of these job holders will be residents of low income communities.

- Direct jobs will be created by the NPAC operator as well as first floor tenants in the Main Street and Pearl Street sides of the property. These tenants will likely include a restaurant and retail space(s). Specific tenants will be recruited over the next several months.

  Based on staffing plans prepared by Spectacle Management, the selected NPAC operator, we project that the NPAC will generate a payroll of over $600,000 and create a minimum of 14.8 FTE jobs in its stabilized operating year (Year 3). All full-time Spectacle employees are eligible to participate in the company's benefits plan, which includes health, dental, vision, and life insurance programs. It is estimated that about 60% of these employees will be low income persons or residents of low income communities.

  A summary of jobs creation is outlined on the following page.

NASHUA PERFORMING ARTS CENTER

Projected Employment - Year 3

FULL TIME SALARIED POSITIONS

	Annual Salary	FTE Jobs	Salary to NPAC
Executive Director	$ 80,000	0.25	$ 20,000
Senior Events Manager	$ 55,000	1.00	$ 55,000
Senior Facilities Manager	$ 45,000	1.00	$ 45,000
Marketing Director	$ 57,000	0.25	$ 14,250
Marketing Manager	$ 45,000	1.00	$ 45,000
Graphic Designer	$ 35,000	0.20	$ 7,000
Technical Services Diector	$ 70,000	0.75	$ 52,500
Public Relations Coordinator	$ 35,000	0.20	$ 7,000
SUB-TOTAL:		**4.65**	**$ 245,750**

PART TIME HOURLY POSITIONS

	Hourly Rate	FTE Jobs	Wages to NPAC
Senior Box Office Associate	$ 16.00	0.75	$ 24,960
Box Office Associate 1	$ 12.50	0.75	$ 19,500
Box Office Associate 2	$ 12.50	0.50	$ 13,000
Box Office Associate 3	$ 12.50	0.50	$ 13,000
Event Management Associate 1	$ 12.50	0.38	$ 9,750
Event Management Associate 2	$ 12.50	0.38	$ 9,750
Facility Operations Associate 1	$ 15.00	0.75	$ 23,400
Facility Operations Associate 2	$ 15.00	0.50	$ 15,600
Facility Operations Associate 3	$ 15.00	0.50	$ 15,600
Technical Services Associate 1	$ 25.00	0.50	$ 26,000
Technical Services Associate 2	$ 25.00	0.50	$ 26,000
Technical Services Associate 3	$ 25.00	0.50	$ 26,000
House Manager 1	$ 25.00	0.50	$ 26,000
House Manager 2	$ 25.00	0.50	$ 26,000
Food and Beverage Manager	$ 25.00	0.50	$ 26,000
Food and Beverage Associate 1	$ 12.50	0.50	$ 13,000
Food and Beverage Associate 2	$ 12.50	0.50	$ 13,000
Food and Beverage Associate 3	$ 12.50	0.38	$ 9,750
Food and Beverage Associate 4	$ 12.50	0.38	$ 9,750
Food and Beverage Associate 5	$ 12.50	0.38	$ 9,750
SUB-TOTAL:		**10.1**	**$ 355,810**

GRAND TOTAL:		**14.8**	**$ 601,560**

About 3,200 square feet of space on the first floor of the Main Street building will be available for lease to a restaurant and retail user(s). Based on industry staffing standards as well as occupational wage data, we expect that tenants will create a total of 27 additional jobs and generate an annual payroll of over $955,000. Due to the wage levels and education requirements, and the proximity of 5 other Low Income Communities (LIC's) within Nashua, we believe that 80% of employees will be low income persons and/or residents of low income communities.

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Projected Tenant Employment (Year 3)

Job Category	Number of Positions/FTE's	Average Wage/Salary	Annual Wages/Salaries
Restaurant			
Managers	1.5	$ 22.00	$ 68,640
Chefs	2.0	$ 25.00	$ 104,000
Cooks	2.0	$ 15.25	$ 63,440
Kitchen Labor	3.0	$ 13.00	$ 81,120
Waitpersons	6.0	$ 14.50	$ 180,960
SUB-TOTAL	**14.5**		**$ 498,160**
Retail Stores			
Sales Managers	2.5	$ 28.00	$ 145,600
Cashiers	2.0	$ 13.00	$ 54,080
Salespersons	8.0	$ 15.50	$ 257,920
SUB-TOTAL	**12.5**		**$ 457,600**
TOTAL TENANT JOBS	**27.0**		**$ 955,760**

Indirect Benefits - Jobs and Catalytic Development

Perhaps the most significant economic impacts of the proposed project will be measured in terms of its contribution to the creation of indirect, "spin-off" jobs as well as its ability to catalyze other private investment, especially in the downtown area.

More specifically, the expansion of arts and culture is currently recognized as an important component of community development efforts. Nationally, the nonprofit arts and culture industry generated $166.3 billion of economic activity during 2015 - $63.8 billion in spending by arts and cultural organizations and an additional $102.5 billion in event-related expenditures by their audiences. This activity supported 4.6 million jobs and generated $27.5 billion in revenue to local, state, and federal governments (a yield well beyond their collective $5 billion in arts allocations).[1]

In 2010, non-profit arts and cultural organizations in New Hampshire were responsible for total expenditures of over $115,000,000 and supported almost 3,500 jobs, according to Americans for the Arts (AFA).

Jobs

Using AFA methodology we are able to project the following annual job impacts of the NPAC based on an audience of 62,500 persons and an annual budget of $2,044,000. As indicated on the following page, we expect that the proposed project will generate over $3,500,000 in annual spending and create 113 indirect jobs. About 75% of these jobs are likely to benefit low income persons or residents of Low Income Communities.

[1] "Arts and Economic Prosperity", Americans for the Arts (2015)

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Summary of Indirect Job Impacts

Event Related Spending

By Audiences:	$	1,491,162
By PAC:	$	2,044,000
	$	**3,535,162**

Indirect Job Creation

By Audience Spending	36
By Organization Spending:	77
	113

Audience spending ($1,491,162, or $23.86 per attendee) contributes primarily to job creation in food services, retail trade, transportation, and lodging, while organizational spending ($2,044,000) contributes to job creation in a wide range of industries, including performing artists, power generation, transportation, insurance, equipment rental, advertising, building services, food services, lodging, etc.

In summary, it is expected that the proposed project will lead to the creation of 275 employment opportunities. A total of 175 jobs (64%) will benefit low income persons.

NASHUA PERFORMING ARTS CENTER

Summary of Job Creation

Activity	FTE Jobs	% Low Income	Total Low Income
Construction	120	50%	60
Direct/NPAC	15	60%	9
Direct/Tenants	27	80%	22
Indirect/Audience Spending	36	75%	27
Indirect/NPAC Spending	77	75%	58
TOTAL EMPLOYMENT IMPACT:	**275**	**64%**	**175**

Further, total spending of $3,535,162 will in turn generate approximately $2,438,000 in *new household income*, primarily benefitting residents of LIC's in Nashua.

The NPAC operator (Spectacle Management) is committed to hiring locally whenever possible. As a part of this commitment, Spectacle Management will seek to advertise available positions to low income community residents via the Nashua Adult learning Center and through other channels, including the local Employment Security office.

Catalytic Impacts

It is also expected that the proposed project will serve as a catalyst for further investment in the downtown. Specifically, the following projects are currently being contemplated:

- The Lannan Company, a successful local developer, would consider a $6 to $10 million investment in a mixed use project at a company-owned site at 249 Main Street.

- The City recently commissioned a feasibility study regarding the development of a hotel on a City-owned parcel off School Street, which is located only a few hundred feet away from the proposed Performing Arts Center. The study was recently completed by the Pinnacle Advisory Group and concludes that development of a 100-room hotel would be feasible given some financial incentives from the City and completion of the Performing Arts Center. Total investment would be about $17,500,000. The City is currently in active discussions with two major developers that have expressed an interest in the site.

- There is a large regional employer contemplating moving its headquarters along with approximately 70 jobs to an empty 20,000 sq./ft. office building. The local leadership is interested in seeing the downtown redeveloped, but is cautious. This is an approximate $2 million dollar investment that is likely to occur if other projects, including the NPAC, materialize.

- Several restaurant operators have indicated interest in either opening a restaurant at the Performing Arts Center or at nearby locations.

Community Benefits

In addition to being located in a NMTC-qualified low income community, the project area is surrounded by five other low income census tracts. Both the City of Nashua and Spectacle Management recognize that if the NPAC is to become a viable and vibrant *center of community activity*, it must demonstrate the ability to bring together all members of the community – regardless of income level – that share an appreciation of the arts. In order to accomplish this goal project sponsors are developing a variety of outreach programs, including:

- Discounted and/or free tickets to selected events. As appropriate, these tickets would be distributed by via schools and social service agencies.

- Reduced/"at cost" rental rates to community-based non-profit organizations utilizing the facility for fundraising events.

- Initiation of "arts in the schools" program similar to *ArtsPower© and Super Scientific Circus©*. This program would support live performances with comprehensive educational guides that help teachers integrate the subject matter and themes of appropriate musical, theater and other productions into their classroom lessons and discussions. We are currently seeking local sponsors for this program.

Prior to closing both the QALICB and NPAC operator will execute a Community Benefits Agreement that commits them to provide direct benefits to a minimum of 1,500 persons annually.

Project Budget

The project budget, flow of funds, and debt service analysis are included in Exhibit D, attached. The total budget is $19,217,500 and has been developed in consultation with the project architect (Icon Architecture) and construction manager (Harvey Construction). Upper tier funding would be provided by a Senior Leverage Loan of $10,482,500 and a NMTC equity investment at a rate of $.85/$1.00, or $4,972,500. The Senior Leverage Loan would be "sourced" by General Obligation Bond proceeds of $10,482,500. After deducting fees of $455,000 the Investment Fund will make a Qualified Equity Investment of $15,000,000 in a sub-CDE, which will deduct a sub-allocation fee of $300,000 (2%) and make QLICI loans totaling $14,700,000 to the QALICB. The balance of project costs ($4,517,500) will be made via a grant (utilizing the balance of bond proceeds) to the QALICB.[2]

Business Plan

Real Estate

Upon completion the facility will be leased to the City of Nashua pursuant to a Master Lease agreement. The City, in turn, will sub-lease the NPAC space for a nominal fee to Spectacle Management, the selected operator. In addition, it will lease ancillary retail and restaurant spaces to tenants chosen via an RFP process. As indicated in Table 3 (attached to Exhibit D) the Master Tenant will be responsible for paying all debt service associated with the project. This amount will include:

- An interest only payment projected at $419,300 annually on Loan A;
- Annual fees/"interest" projected at $95,000. These fees will be prepaid or held in reserve and disbursed quarterly; and

[2] Please note that total bonding authority is $15,500,000. A total of $500,000 will be held by the City in a reserve account for working capital.

- An annual distribution directly to the Senior Leverage Lender in the projected amount of $342,963. This amount represents the difference between the interest only payment on Loan A and the annual debt service (P+I) on the Senior Leverage Loan.

NPAC Operations

The selected operator, Spectacle Management, has a proven track record of success in operating arts facilities. It was founded in 2012 to provide performing arts venues throughout New England with expert services in venue operations, booking and programming, venue and event marketing, venue management consulting, and event production. Since its founding, Spectacle Management has worked with more than a dozen New England venues on promoting, marketing and producing hundreds of concerts, comedy, theatre and family entertainment events. Spectacle Management has also been a valuable consulting partner to municipalities and non-profit venue programmers and operators. Presently, Spectacle Management presents live entertainment series at Cary Hall in Lexington MA and Plymouth Memorial Hall in Plymouth MA, and also produces the Cape Cod Spotlight Performing Arts Series on Cape Cod and the Islands. Additionally, Spectacle Management provides booking services to Rockport Music's Shalin Liu Performance Center in Rockport MA and presents other performances at a variety of venues throughout New England. Spectacle Management's sister company, Lowell Management Group, operates and programs the 2800-seat Lowell Memorial Auditorium.

Programming

Spectacle Management aims to make the NPAC a vibrant and busy venue by booking a wide variety of events, including concerts, theatre, comedy, visual arts events in the gallery space, non-profit events, and community rentals. A well-rounded and diverse calendar is the key to maximizing attendance, and therefore the economic impact of this venue. Current estimates are for 80-100 ticketed events, and an additional 60-80 gallery, local/community, non-profit and corporate event rentals. Estimated ticketed attendance would be in the 60,000 – 65,000 range. Community rentals could increase use to around 75,000 persons.

While it is difficult to list specific performers and shows that Spectacle would book at the NPAC, given the proposed capacity levels, the following is a partial list of the performances that Spectacle has recently booked into its other venues. This list is not a complete listing, but rather a sampling of events that Spectacle has recently booked, marketed and/or produced in its various venues.

Air Supply
America
Arlo Guthrie
Cherish the Ladies
Chris Botti
Classic Albums Live
David Crosby
Dennis Deyoung (Styx)
Dwight Yoakam
Enter The Haggis
Get The Led Out
Gordon Lightfoot
Heather McDonald
Herman's Hermits
Jake Shimobukuro
Jesse Cook
Jim Breuer
Jimmy Tingle
John Pitzarelli
John Sebastian
Josh Turner
Kathy Mattea
Kevin Nealon
Lenny Clarke
Little River Band
Livingston Taylor
Lonestar
Lori McKenna
Martha Reeves
Martin Sexton
Mary Wilson
Melissa Etheridge
Menopause the Musical
Michael McDonald
Nick DiPaulo
Nils Lofgren
One Night of Queen
Pat Benatar
Peter & Paul
Peter Sagal
Phil Vassar
Pink Martini
Postmodern Jukebox
Raul Malo
Ricky Lee Jones
Robert Cray
Ronan Tynan
Ronnie Spector
Russian National Ballet
Spamalot, The Musical
Spyro Gyra
STOMP
The Boston Pops
The Canadian Brass
The Capitol Steps
The Cowboy Junkies
The Fab Four
The Gin Blossoms
The Lone Bellow
The Peking Warriors
The Swingles
The Temptations
The Vienna Boys Choir
The Wallflowers
Theresa Caputo
Three Dog Night
Tom Rush
Tommy Emmanuel
Under The Streetlamp

Marketing

Spectacle Management's marketing team has a great deal of experience in promoting performances and venues. A comprehensive marketing program

for the NPAC will involve parallel campaigns, the first of which would be an ongoing and sustained campaign to promote the NPAC and its entire schedule of events. The second campaign will be marketing and promotion that is specific to each individual performance.

For example, a direct-mail brochure may be employed on a regular basis to Inform patrons about the NPAC's entire schedule. Additionally, a specific radio commercial may be run on a country radio station to support an upcoming country music artist's performance. These campaigns, both general schedule advertising and specific performance promotion, combine to create an effective marketing campaign for the venue and the individual performer that maximizes attendance.

Spectacle Management utilizes a wide variety of advertising, promotion and PR outlets to spread the word about performances, including traditional media outlets such as radio, print, television, and direct mail. Spectacle Management's marketing team is also expert in marketing via social media, email marketing, and other web and digitally-based mediums.

Financial Plan

Spectacle Management has the financial resources to deliver first-class operation, programming and marketing of the NPAC**.** Spectacle Management's plan is to book a substantial amount of national touring artists into the NPAC, as well as other events, in order to have a full calendar of events. Each performance booked by Spectacle Management requires Spectacle Management to guarantee each artist their full fee, regardless of ticket sales revenues. Additionally, Spectacle Management's risk on each show extends to all other expenses associated with producing a show. These expenses include, but are not limited to, equipment rentals, advertising, event staffing, insurance, stagehands, artist catering, artist hotel and ground transportation, and others. Spectacle Management is also committed to covering the facility operational costs such as water, electric, insurance, heat, telecommunications, etc. *Spectacle Management is willing to do this with no financial risk to the building owner or the City of Nashua.*

As indicated by the operating budget developed by Spectacle (Exhibit E), Spectacle is fully committed to absorbing projected loses in Year 1 and

expects to incur over $2,000,000 in operating expenses in its stabilized operating year (Year 3).

Primary Need for NMTC Financing

The primary need for NMTC financing is to: (a) fill the gap in the development budget ($15,500,000 bonding authority vs. $19,217,500 in project costs); and (b) fulfill the Board of Alderman's requirement that a minimum of $4,000,000 in private investment (including NMTC's) be raised for the project.

Project Readiness

The City of Nashua has been working on this project for over two years. We have assembled a project team, approved the bonding required, and are moving forward with an anticipated construction start date of September – October, 2019.

Site Control

The property is owned by the City of Nashua, which will sell it to the QALICB at closing.

Permits and Approvals

The project will require site plan approval, which is only pro-forma, as no changes are likely to be made to the footprint of the site and the proposed use is allowed within the zoning district.

The project will also require a building permit.

Environmental Work

No major environmental issues, except removal of some hazardous building materials, are anticipated. A hazardous materials survey has been authorized and will commence shortly.

Design Development

Design has commenced. We expect sufficiently complete plans to support a detailed construction budget and a Guaranteed Maximum Price quote by April 1, 2019.

Formation of Legal Entities

We have retained NMTC counsel and expect to create the necessary legal entities (Leverage Lender and QALICB) within the next 30 – 60 days.

Transaction Timing

We expect to commence construction in September/October of 2019 and complete construction 14 - 15 months thereafter.

We believe that, given a start of closing calls on or about July 8, we could close eight weeks thereafter, or September 2, 2019. Any delay in construction start beyond mid-October could lead to price increases and inability to “winterize” the project before severe weather conditions set in.

NASHUA PEFORMING ARTS CENTER

EXHIBIT A

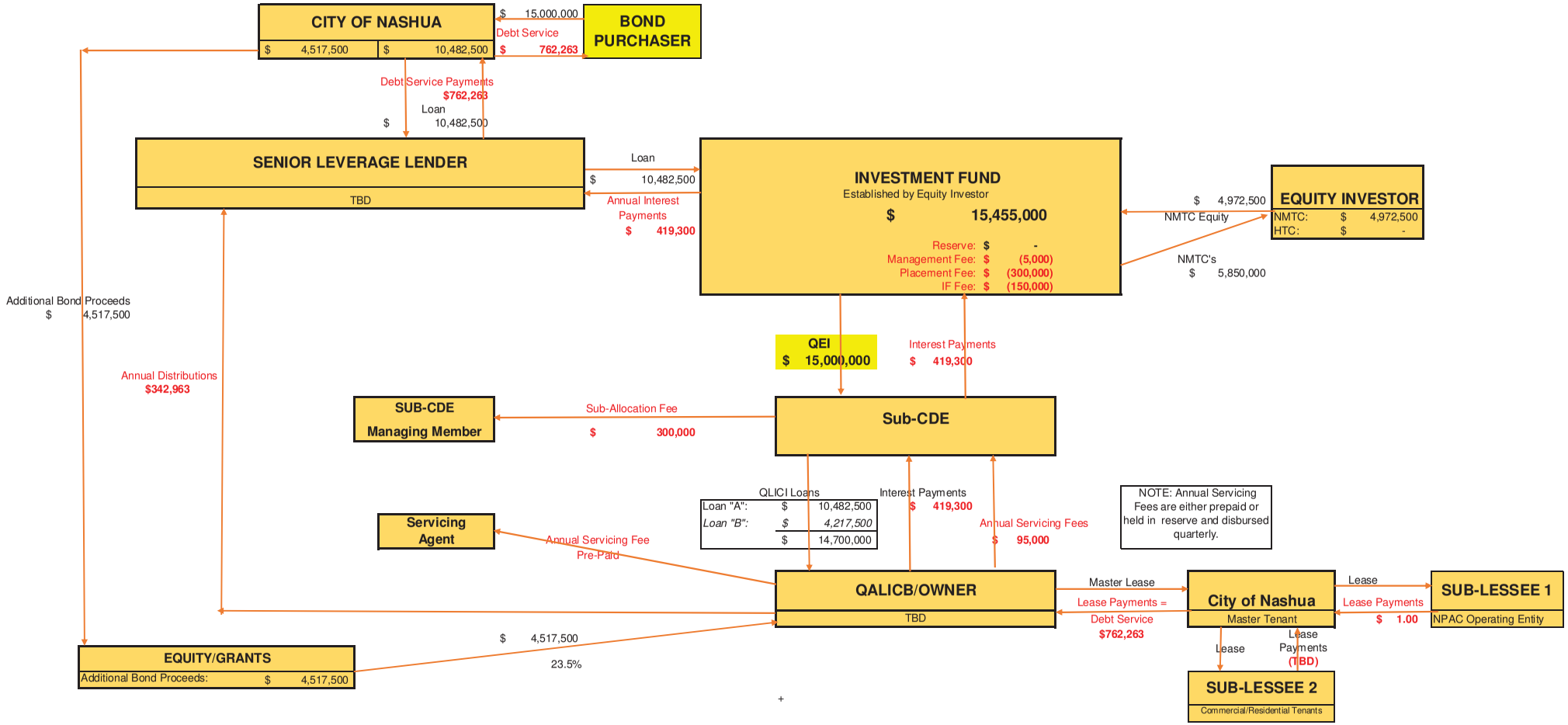
Proposed NMTC Deal Structure

Please note that the attached "Flow of Funds" diagram assumes a single CDE. We expect that there may be two participating CDEs. In addition, the fee structure is included for illustrative purposes only and we expect that it will need to be adjusted depending on the CDE(s) involved.

NASHUA PERFORMING ARTS CENTER

TABLE 2: DEAL DIAGRAM/FLOW OF FUNDS

TOTAL PROJECT COST:	$	19,217,500
"EQUITY":	$	(4,517,500)
AMOUNT FINANCED:	**$**	**14,700,000**



PREPARED FOR THE CITY OF NASHUA
FOR DISCUSSION ONLY
nielcannon16@gmail.com

NASHUA PEFORMING ARTS CENTER

EXHIBIT B

Existing Conditions

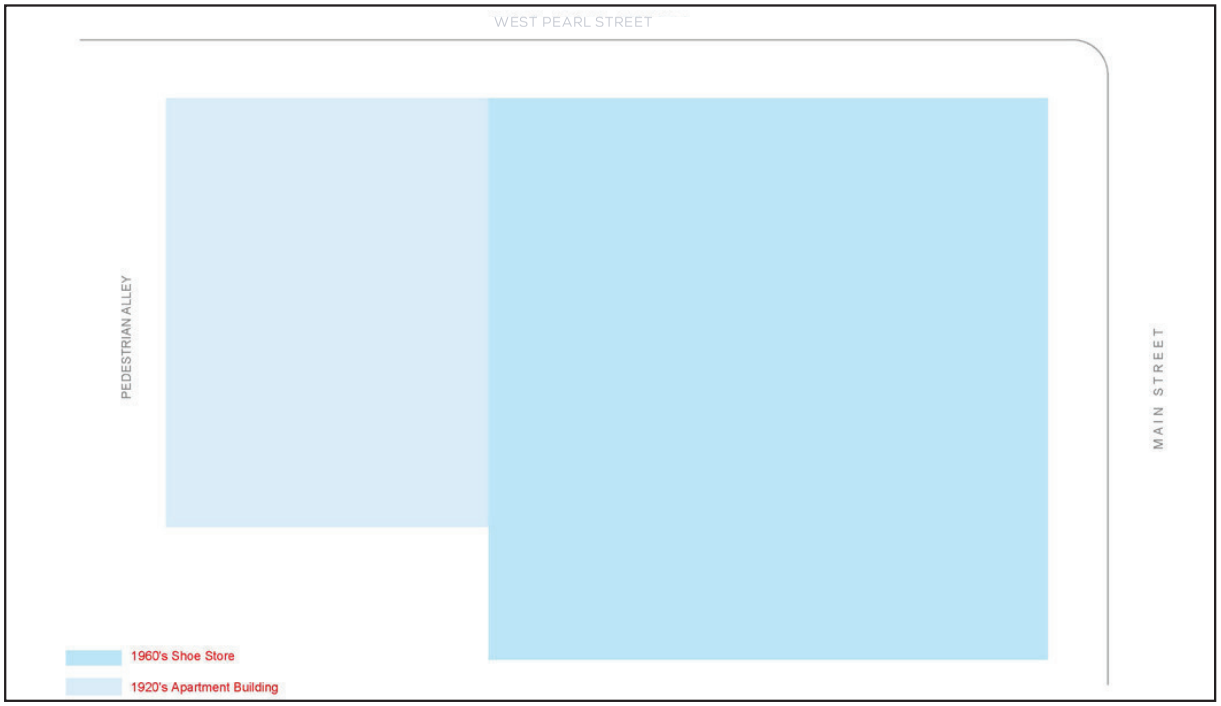
Conceptual Plans

NASHUA PERFORMING ARTS CENTER

OTJ ARCHITECTS | E-ICON ARCHITECTURE

DESIGN DRIVEN • PEOPLE FOCUSED

THEATRE PLAN



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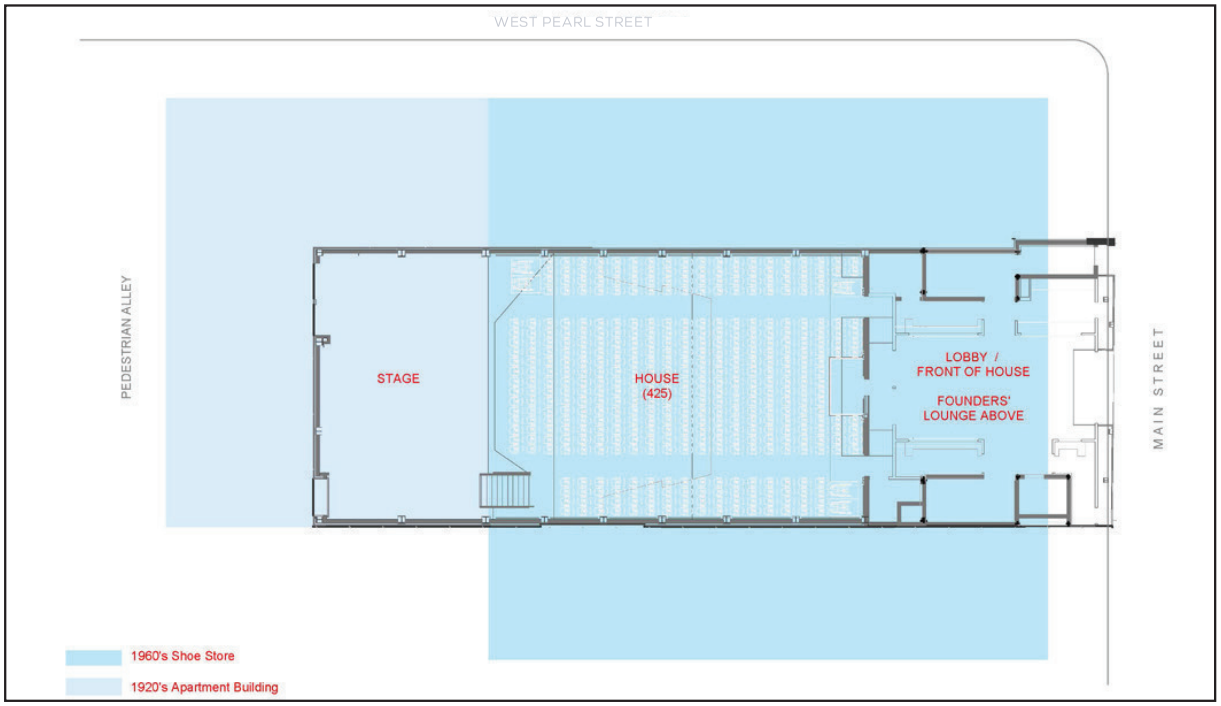

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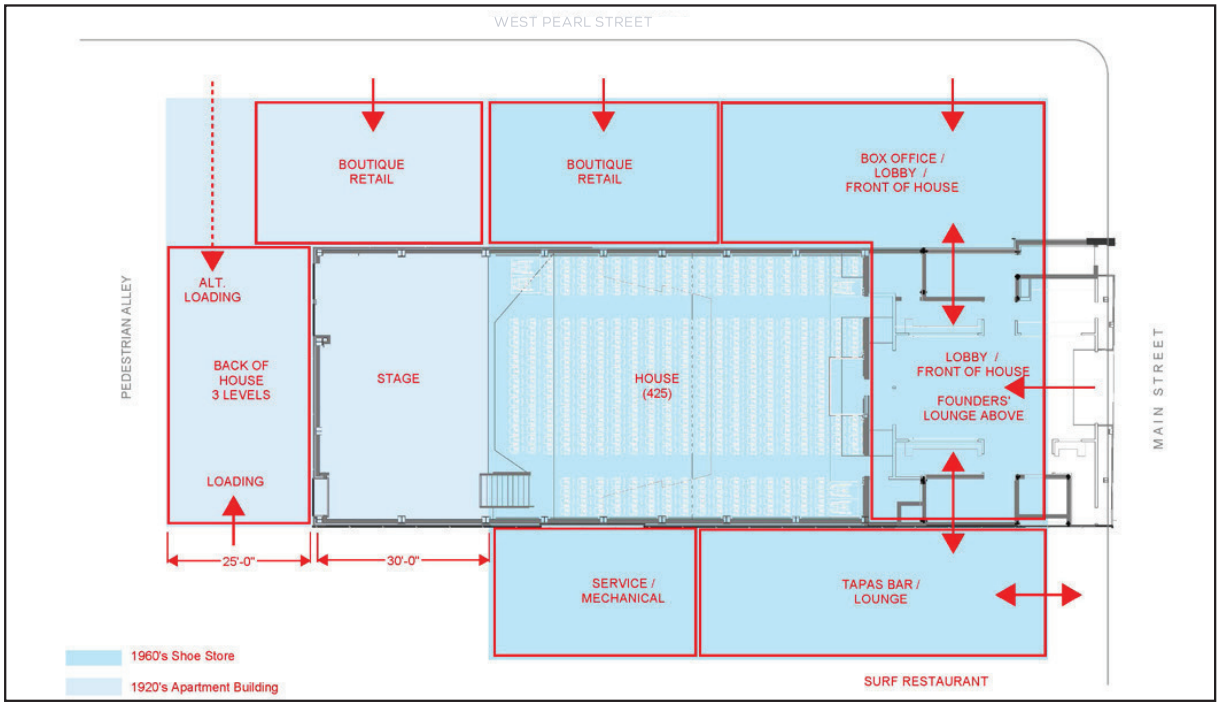
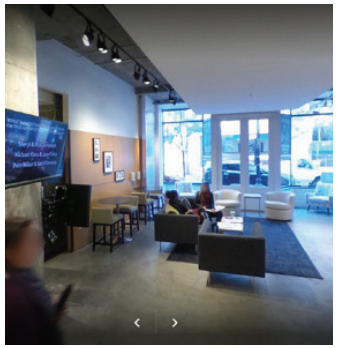
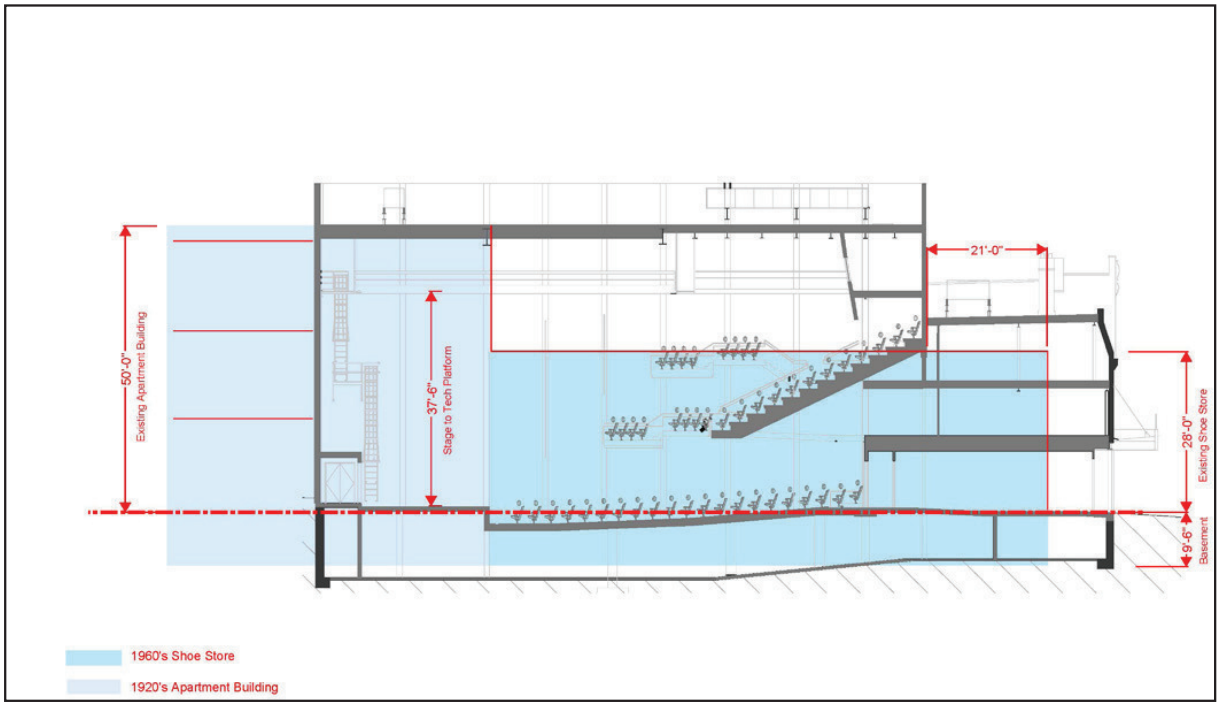
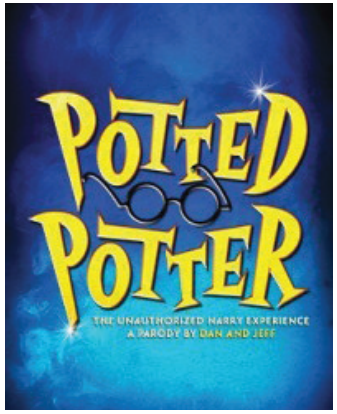




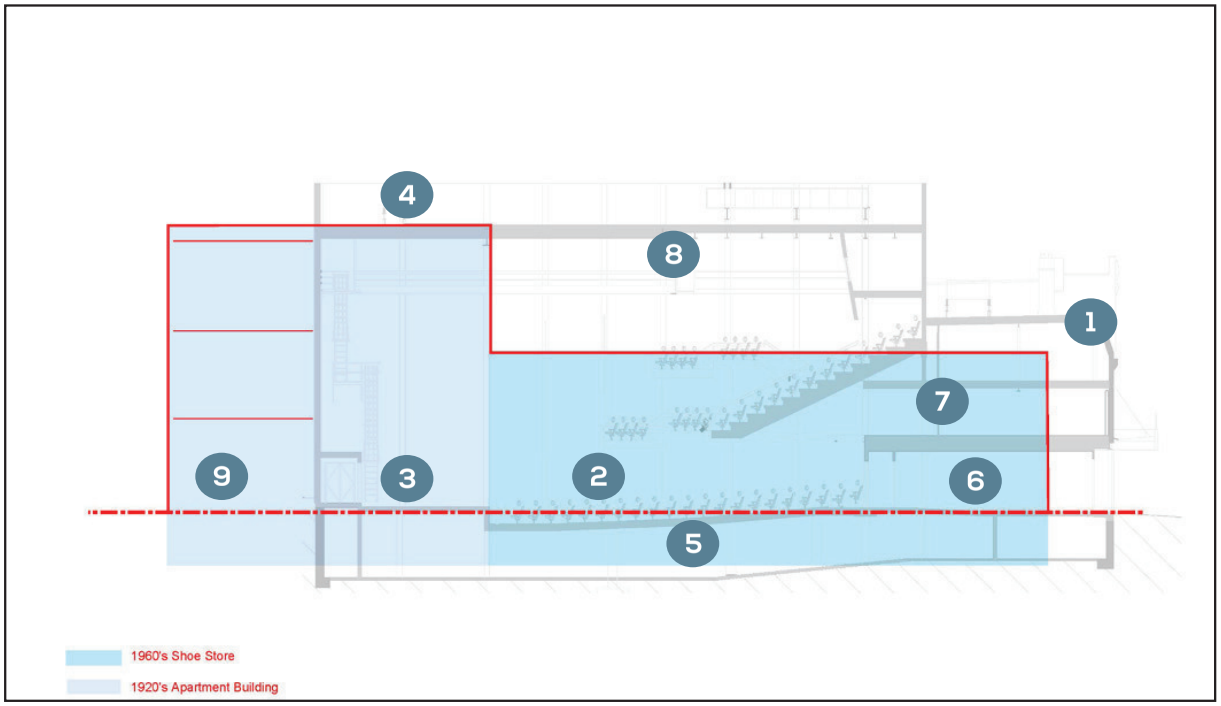
ALEC'S

THEATRE PLAN





THEATRE PLAN



GOAL: MAXIMIZE ONE-TIME DECISIONS

1. RETAIN EXTERIOR SHELL SENSITIVITY TO HISTORIC FABRIC / MATERIALS
2. SEATING COUNT, CONFIGURATION, FLEXIBILITY AND COMFORT
3. STAGE CONFIGURATION & FLEXIBILITY
4. TECHNICAL PLATFORM / GRID HEIGHT
5. EXPAND BASEMENT FOR B.O.H. OR PATRON FACILITIES
6. LOBBY SERVICES AND V.I.P. EXPERIENCES
7. BALCONY LEVEL PATRON SERVICES & REST ROOMS
8. OPTIMIZE NUMBER, POSITION AND PLACEMENT OF LIGHITNG POSITIONS
9. OFF STAGE LOADING

NASHUA PEFORMING ARTS CENTER

EXHIBIT C

Letters of Support

Greater Nashua
Chamber of Commerce
DARE TO SUCCEED

142 Main Street, Fifth Floor
Nashua, NH 03060

Phone: 603-881-8333
Fax: 603-881-7323

www.nashuachamber.com

September 11, 2018

RE: Support for Performing Arts Center

To Whom It May Concern:

On behalf of the Board of Directors of the Greater Nashua Chamber of Commerce, I am please to endorse Nashua's efforts to bring a Performing Arts Center to our city.

The Chamber has long been at the forefront of Nashua's major civic projects, from the bold and visionary economic investment in Nashua's mills following the loss of Textron and a quarter of Nashua's jobs in 1948 to the building of the Broad Street Parkway to open up the downtown to new development opportunities. These projects and others have helped brought economic prosperity to Nashua, helping our member businesses thrive and grow.

Today, we have the opportunity of another major civic project which will bring cultural enrichment and the promise of the creative economy into Nashua for all of our businesses and residents. In March 2016, our Board endorsed a strategic plan which specifically called for investments in our City's infrastructure and support of a thriving arts and cultural environment. In May 2017, the Board was briefed on the proposal for a Performing Arts Center and unanimously endorsed this effort.

In the face of current workforce shortages, we see this project as a great way for our local employers to help recruit talented employees. More and more employers are hearing from their employees that they want to live and work in a dynamic environment. A Performing Arts Center in a community's downtown adds to the vibrancy of a community and provides the atmosphere that an employee will want. The City of Nashua is certainly on the right path by pursuing this ambitious project.

This is not a new issue for the community; in fact the idea of a downtown Performing Arts Center started in earnest twenty years ago during the city's last master planning effort. The truth of the matter is the conversation has changed very little, which is why the non-binding referendum passed a city-wide ballot in the fall of 2017.

We would very welcome your assistance in helping to advance this initiative and I thank you in advance for your support.

Sincerely,

Tracy S. Hall
President and CEO

Jim Donchess

Mayor • City of Nashua

September 14th, 2018

RE: Nashua Performing Arts Center

To Whom It May Concern,

I'm writing to support and encourage a New Market Tax Credit for the development of a downtown performing arts center in Nashua.

Two of my main objectives as Mayor are growing Nashua's economy and enhancing arts and culture in the city. Developing a Performing Arts Center in Nashua's downtown supports both of those objectives

Nashua has had a performing arts center in its sights for almost two decades – it was included in the City's Master Plan in 2000 – and now it's close to coming to fruition. During the City's 2017 election, we put an advisory question on the ballot to determine whether residents support the project, and the majority came out in favor of it. Then, earlier this year, our Board of Aldermen authorized the City to pursue the project.

The enthusiasm for the project is palpable – Nashua is ready to be the arts hub of New Hampshire. But we need the support of a New Market Tax Credit to help advance this project.

Thank you for your time and interest in our proposal. I look forward to speaking with you.

Sincerely,

Jim Donchess, Mayor
City of Nashua

229 Main Street • PO Box 2019 • Nashua, New Hampshire 03061-2019
603.589.3260 • fax 603.594.3450 • NashuaMayor@NashuaNH.gov
www.NashuaNH.gov

LANSING MELBOURNE

September 5, 2018

RE: Developing In Downtown Nashua

To Whom It May Concern:

My firm has been selected as a preferred developer for the downtown and specifically for a parcel of land off of School Street owned by the city. A site that is a few hundred feet away from the proposed downtown Performing Arts Center.

As a preferred developer for Hilton Hotels I would consider constructing an approximate 100 room hotel in the downtown, which is an approximate $18 million dollar investment and brings approximately 30 jobs to the neighborhood. I have developed hotels and apartment buildings along the Atlantic coast and in the Midwest since 1986. My firm is well positioned both in experience and relationships to undertake such a complicated project.

The City of Nashua is certainly taking the right steps to proactively boost the downtown. The city is putting a lot of attention toward making Nashua a place where businesses and people thrive. I believe we are on the cusp of some exciting developments and I would very much like to be a part of this story.

Unfortunately, I am reluctant at this time to pursue a hotel project; however, should a Performing Arts Center come to the downtown I would reevaluate this position. I can foresee that my development coupled with a couple of other key developments along with the Performing Arts Center could be the catalyst needed bolster the downtown.

Thank you for your time, and we hope that you will consider the City of Nashua.

Sincerely,
LANSING MELBOURNE GROUP, LLC

Peter Flotz
Managing Member

2420 E Sunrise Blvd #90
Fort Lauderdale, FL 33304
Tel: (321) 302-2930
Website: www.lansingmelbourne.com
Email: pflotz@lmgroup.us

THE LANNAN COMPANY
REAL ESTATE INVESTMENT & DEVELOPMENT

September 5, 2018

RE: Interest in Developing in Downtown

To Whom It May Concern:

I am writing to express my enthusiastic support for a downtown Performing Arts Center at the corner of West Pearl and Main Street.

As a local developer who owns a vacant lot at 249 Main Street, I am extremely interested in seeing the now empty site redeveloped into a more productive use in the downtown.

Over the years, I have contemplated developing the vacant lot I own but have been hesitant to take the risk on a mixed use building concept because of the trajectory of downtown. A mixed use project (the type of project an urban planner would like to see in a downtown) is a project of approximate $6 to $10 million dollars. Couple this with the reality that there is very little "wow" factor in the downtown; needless to state, I do not believe the risk is worthwhile at the moment.

The downtown needs an anchor; a new dynamic performing arts center could be the substance to help jumpstart the downtown.

I am a big believer in downtowns, I own quite a few buildings in Nashua's downtown and I do not state the above lightly. As a volunteer with the City's Downtown Improvement Committee I am working tirelessly to help change the landscape.

Should a new performing arts center be built in the downtown I would reconsider holding off on building a mixed use building.

Thank you for your time, and we hope that you will consider the City of Nashua.

Sincerely,

Richard Lannan
President

7D TAGGART DRIVE, NASHUA, NH 03060 | 603-888-8950 TEL | 603-888-8951 FAX
WWW.LANNANCOMPANY.COM

MICHAEL TIMOTHY'S
DINING GROUP

September 2018

RE: Interest in Restaurant Site

To Whom It May Concern:

I am writing to express an interest in the future restaurant site located at 201 Main Street.

I am the owner and operator of Michael Timothy's Dining Group. I have five different restaurant concepts in 6 locations within Southern New Hampshire.

Nashua's restaurant market is very appealing. I was at the forefront of opening a restaurant in Nashua's downtown 30 years ago. Since that time, I have watched the Main Street slowly mature into a hospitality and entertainment district where there is a collection of independent regionally owned restaurant group's operating.

The City of Nashua is certainly taking the right steps to proactively boost the downtown and to continue the positive trend for the betterment of the city. The vision the city has to make Nashua an arts and cultural hub is absolutely correct. I believe the Performing Arts Center will be a catalyst in advancing this idea. Until the Performing Arts Center project advances I will be watching and paying close attention.

Thank you for your time and attention to this matter.

Sincerely,

Michael Buckley, Owner/President
Michael Timothy's Dining Group

RESOLUTION

AUTHORIZING THE MAYOR AND CITY TREASURER TO ISSUE BONDS NOT TO EXCEED THE AMOUNT OF FIFTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS ($15,500,000) FOR THE PERFORMING ARTS CENTER LOCATED AT 201 MAIN STREET

CITY OF NASHUA

In the Year Two Thousand and Eighteen

***RESOLVED** by the Board of Aldermen of the City of Nashua* that the Mayor of the City of Nashua and the City Treasurer of the City of Nashua are hereby authorized to issue and sell general obligation bonds of the City in an aggregate principal not to exceed fifteen million five hundred thousand dollars ($15,500,000). The proceeds of said bonds shall be used for the Performing Arts Center located at 201 Main Street, including the purchase, renovations, and construction. The useful life of the project is 30 years.

PURPOSE	WORK DESCRIPTION	AGGREGATE PRINCIPAL NOT TO EXCEED	USEFUL LIFE
Purchase, renovate, and construct a new performing arts center at 201 Main Street	Purchase of an existing building and the construction of both floors to include all hard, soft and incidental costs.	Fifteen million five hundred thousand dollars ($15,500,000)	Thirty (30) years

Pursuant to Nashua City Charter §54-a, this resolution requires a "duly advertised public hearing." Also see N.H. RSA 33:9, which requires a 2/3 vote for passage of this resolution.

The bonds shall be general obligations of the City of Nashua, payable as to principal and interest from ad valorem taxes, which will be levied without limitation as to rate or amount on all taxable property within the territorial limits of the City of Nashua.

The bonds shall bear the manual or facsimile signature of the City Treasurer and the Mayor. In accordance with Chapter 91 of the New Hampshire Acts of 2005, bonds issued pursuant to this resolution shall not require an authenticating certificate of a bank or trust company doing business in the State of New Hampshire or The Commonwealth of Massachusetts, or the Commissioner of Revenue Administration.

The bonds are to be issued in fully-registered form by means of a book-entry system or otherwise and shall have such terms and conditions and be in such form, subject to the provisions of this resolution and applicable law, as shall be determined by the Mayor and the City Treasurer.

No borrowing for the renovation or construction of a new performing arts center, except for costs related to acquiring and securing (for safety and security purposes) the property anticipated to be used as a new performing arts center, shall occur until such time as the Mayor has determined that private funds totaling at least four million dollars ($4,000,000), to be used towards a portion of the operating costs of such new performing arts center, have been raised. This resolution shall expire two years from its effective date in the event that four million dollars ($4,000,000) has not been raised prior to that date.

RESOLVED FURTHER, that the Mayor is authorized to enter into the required contracts therefor as well as any amendments to be made thereto or any other documentation necessary for the receipt of said funds.

RESOLUTION **R-18-001**

Authorizing the Mayor and City Treasurer to issue bonds not to exceed the amount of fifteen million five hundred thousand dollars ($15,500,000) for the Performing Arts Center located at 201 Main Street

IN THE BOARD OF ALDERMEN

1ST READING JANUARY 9, 2018

Referred to:
BUDGET REVIEW COMMITTEE AND THAT A PUBLIC HEARING BE SCHEDULED FOR MONDAY, JANUARY 22, 2018, AT 7:00 PM

IN THE ALDERMANIC CHAMBER

2nd Reading FEBRUARY 13, 2018

3rd Reading

4th Reading

Other Action

Passed FEBRUARY 13, 2018

Indefinitely Postponed

Defeated

Attest: City Clerk

President

Approved Mayor's Signature

2/20/18 Date

Endorsed by

MAYOR

CARON

DOWD

TENCZA

O'BRIEN

MELIZZI-GOLJA

LAWS

WILSHIRE

KLEE

MCCARTHY

KELLY

GIDGE

HARRIOTT-GATHRIGHT

Vetoed:

Veto Sustained:

Veto Overridden:

Attest: City Clerk

President

RESOLUTION

AMENDING R-18-001 "AUTHORIZING THE MAYOR AND CITY TREASURER TO ISSUE BONDS NOT TO EXCEED THE AMOUNT OF FIFTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS ($15,500,000) FOR THE PERFORMING ARTS CENTER LOCATED AT 201 MAIN STREET"

CITY OF NASHUA

In the Year Two Thousand and Eighteen

WHEREAS, the Board of Aldermen passed R-18-001 "Authorizing the Mayor and City Treasurer to issue bonds not to exceed the amount of fifteen million five hundred thousand dollars ($15,500,000) for the Performing Arts Center located at 201 Main Street" on February 13, 2018.

WHEREAS, the Board of Aldermen would like to amend said resolution R-18-001.

NOW THEREFORE, BE IT RESOLVED *by the Board of Aldermen of the City of Nashua* that the following paragraph of R-18-001 be amended by inserting the underlined language and deleting the struck through language as follows:

No borrowing for the renovation or construction of a new performing arts center, except for costs related to acquiring and securing (for safety and security purposes) the property anticipated to be used as a new performing arts center <u>and for the design of the new performing arts center</u>, shall occur until such time as the Mayor has determined that private funds<u>, including New Market Tax Credits,</u> totaling at least four million dollars ($4,000,000), to be used towards ~~a portion of the operating costs of~~ such new performing arts center, have been raised. This resolution shall expire two years from its effective date in the event that four million dollars ($4,000,000) has not been raised prior to that date.

LEGISLATIVE YEAR 2018

RESOLUTION: **R-18-092**

PURPOSE: **Amending R-18-001 "Authorizing the Mayor and City Treasurer to issue bonds not to exceed the amount of fifteen million five hundred thousand dollars ($15,500,000) for the Performing Arts Center located at 201 Main Street"**

SPONSOR(S): **Mayor Jim Donchess**

COMMITTEE ASSIGNMENT:

FISCAL NOTE: **Same as R-18-001**

ANALYSIS

This resolution amends Resolution R-18-001 which authorized the City to issue and sell general obligation bonds up to $15,500,000, to use for the Performing Arts Center located at 201 Main Street. Pursuant to Nashua City Charter §54-a, this resolution requires a "duly advertised public hearing". Also see NH RSA 33:9, which requires a 2/3 vote for passage of this resolution. This amendment allows borrowing for the design of the project prior to the raising of $4,000,000 in private funds, including New Market Tax Credits, for the new performing arts center. Said private funds have to be raised within two years of the effective date of R-18-001.

Approved as to form: **Office of Corporation Counsel**

By: _____

Date: November 9, 2018

NASHUA PEFORMING ARTS CENTER

EXHIBIT D

Project Budget

Flow of Funds

Debt Service Analysis

NASHUA PERFORMING ARTS CENTER

TABLE 1: DEVELOPMENT BUDGET

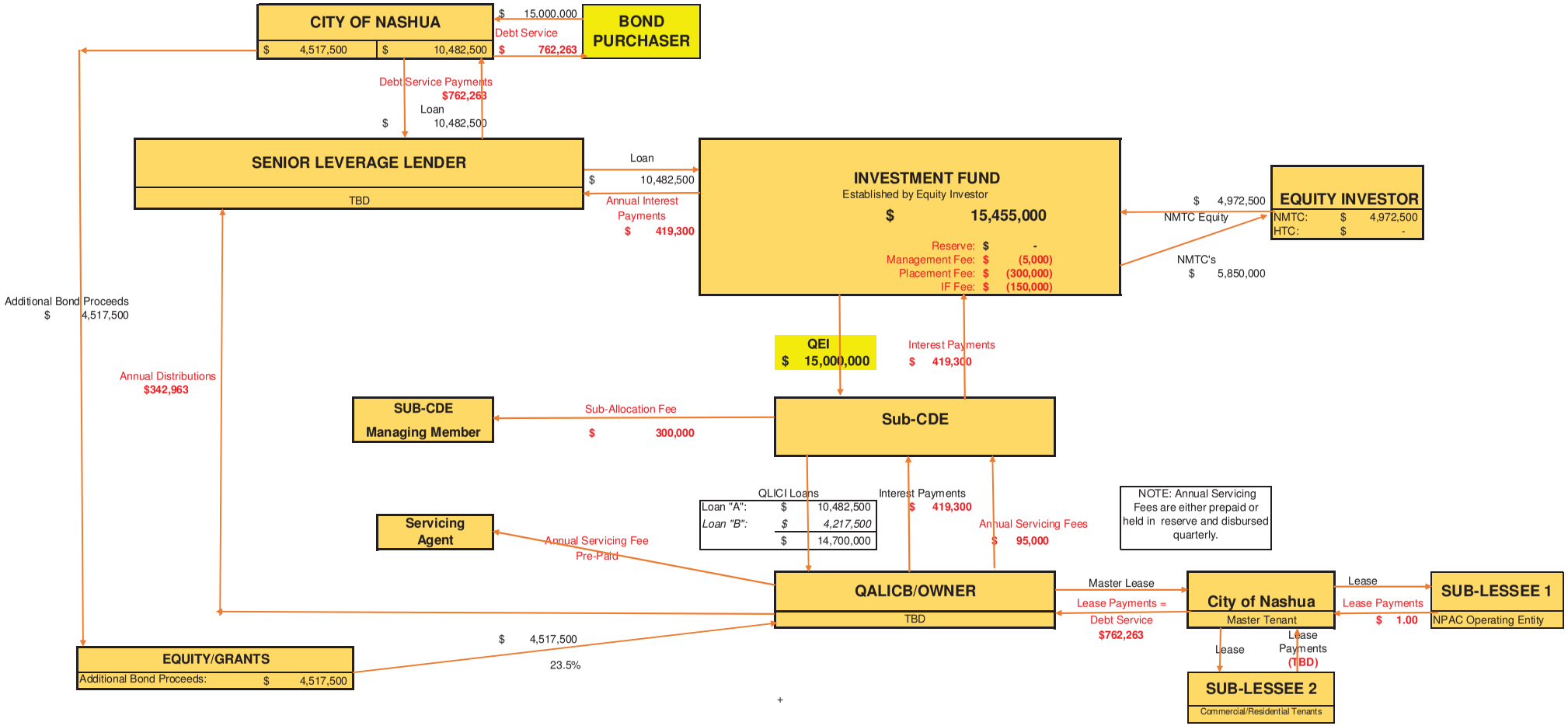
		Total
SOURCES		
CDE Loans	$	14,700,000
Equity	$	4,517,500
TOTAL:	**$**	**19,217,500**
USES		
ACQUISITION	**$**	**2,000,000**
CONSTRUCTION/REHAB COSTS (See Detail)	**$**	**12,700,000**
FF + E		
AV Equipment	**$**	**1,500,000**
Other	**$**	**800,000**
	$	**2,300,000**
SOFT COSTS		
Architect/Engineering	$	1,000,000
Legal/Bond Counsel	$	350,000
Environmental Report	$	5,000
Appraisal	$	5,000
Bank Inspection Fees	$	15,000
Survey and Title	$	30,000
Prepaid CDE Servicing Fees	$	665,000
Clerk of the Works	$	75,000
Miscellaneous	$	72,500
	$	2,217,500
TOTAL PROJECT COST:	**$**	**19,217,500**

nielcannon16@gmail.com

NASHUA PERFORMING ARTS CENTER

TABLE 2: DEAL DIAGRAM/FLOW OF FUNDS

TOTAL PROJECT COST:	$	19,217,500
"EQUITY":	$	(4,517,500)
AMOUNT FINANCED:	**$**	**14,700,000**



PREPARED FOR THE CITY OF NASHUA
FOR DISCUSSION ONLY
nielcannon16@gmail.com

NASHUA PERFORMING ARTS CENTER

Table 3: Debt Service Analysis

UPPER TIER LOANS/INVESTMENTS

LOANS/INVESTMENTS TO CCA AFFILIATE LEVERAGE LENDER

Lender/Source		Amount	Rate/ROI	Term (Months)		Annual Payment
BOND PROCEEDS	$	10,482,500	4.00%	240		$762,263
OTHER	$	-	0.00%		$	-
TOTAL:	**$**	**10,482,500**			**$**	**762,263**

LOANS/INVESTMENTS TO INVESTMENT FUND

Leverage Loan(s)	$	10,482,500
NMTC Equity Investment	$	4,972,500
HTC Equity Investment/Interim Loan	$	-
	$	15,455,000
Fees Held at Investment Fund	$	(455,000)
QUALIFIED EQUITY INVESTMENT ("QEI"):	**$**	**15,000,000**

LOWER TIER LOANS/INVESTMENTS

QUALIFIED EQUITY INVESTMENT (QEI):	$	15,000,000
SUB-ALLOCATION FEE:		($300,000)
QLICI LOANS/INVESTMENTS:	$	14,700,000

DETAIL OF QLICI LOANS TO QALICB

Loan	Source		Amount	Rate/ROI	Term		Annual Payment
Loan A	Leverage Loan	$	10,482,500	4.00%	Interest Only	$	419,300
Loan B	NMTC	$	4,217,500	0.00%	84	$	-
Loan C		$	-			$	-
Loan D		$	-				
Loan E		$	-				
SUB - TOTAL:		$	14,700,000			$	419,300

Annual Fees Paid through Interest on QLICI Loans

Servicing Fees to CDE	0.50% of QEI	$	75,000
Audit and Tax		$	14,000
Miscellaneous		$	1,000
Fund Manager Fee		$	5,000
		$	95,000

TOTAL ANNUAL PAYMENTS:	**$**	**514,300**
EFFECTIVE INTEREST RATE:		**3.50%**

DISTRIBUTIONS TO AFFILIATE LEVERAGE LENDER:		
TOTAL P+I:		$762,263
LESS INTEREST PAYMENTS (Via Sub-CDE):	$	(419,300)
		$342,963

NASHUA PEFORMING ARTS CENTER

EXHIBIT E

Operating Budget

ADDENDUM 1 – THREE-YEAR BUDGET

	Projected Year 1	Projected Year 2	Projected Year 3
Net Rental Revenues	$200,000.00	$250,000.00	$275,000.00
Ticket Sales Revenues	$1,500,000.00	$1,600,000.00	$1,650,000.00
Food and Beverage Revenues	$95,000.00	$105,000.00	$105,000.00
Net Sponsorship Revenues	$50,000.00	$60,000.00	$65,000.00
Merchandise Revenues	$10,000.00	$12,000.00	$13,000.00
Total Revenues	$1,855,000.00	$2,027,000.00	$2,108,000.00

Expenses

Direct Ticketed Show Expenses	$1,300,000.00	$1,400,000.00	$1,450,000.00
Salaries/Wages/Payroll Taxes/Benefits	$250,000.00	$260,000.00	$270,000.00
Office Supplies, Rentals, IT	$30,000.00	$30,000.00	$30,000.00
Phone/Internet/Communications	$10,000.00	$10,000.00	$10,000.00
Postage	$3,000.00	$3,000.00	$3,000.00
Legal, Accounting, Professional	$5,000.00	$5,000.00	$5,000.00
Employee Training, Conferences & Travel	$10,000.00	$5,000.00	$5,000.00
Marketing	$160,000.00	$160,000.00	$160,000.00
Utilities	$50,000.00	$52,000.00	$55,000.00
Ops supplies, Repairs and Maintenance	$25,000.00	$25,000.00	$25,000.00
Insurance	$27,000.00	$29,000.00	$31,000.00

Total Expenses	$1,870,000.00	$1,979,000.00	$2,044,000.00

Final Net Income	($15,000.00)	$48,000.00	$64,000.00