

## **Economic Development Advisory Committee**

### **1.26.09 Meeting notes**

#### **BOS Meeting room**

##### **Present:**

Rich Ball, Cirtronics Corp.  
Brad Chappell, Chappell Tractor  
Matt Ciardelli, Ciardelli Fuel Co  
Chris Costantino, Conservation Commission  
George Infanti, Milford Paint & Wallpaper  
Heather Leach, Centrix Bank  
Tom Sapienza, Hampshire Hills Sports Club  
Sean Trombly, Trombly Gardens  
Dale White, Leighton A White, Inc

Bill Parker, Director Community Development  
Janet Langdell, Planning Board representative  
John McCormack, TIFD representative

Shirley Wilson, Recording secretary

---

##### **Guests:**

Dan Scanlon, Grubb & Ellis  
Jim DeStefano, Grubb & Ellis  
Jack Dugan, MEDC

T. Sapienza opened the meeting at 7:40AM and welcomed the invited guests.

#### **Review of agenda and meeting notes from January 21<sup>st</sup> 2009:**

No discussion.

#### **Discussion with Grubb & Ellis representatives: Dan Scanlon & Jim DeStefano**

J. DeStefano said over the course of the past year he has become more in tune with the Brox area taking over for Jacob Akers the local marketing representative who has recently moved to the southwest. What we have at the Brox property is basically raw land and a commitment from the town to get creative if the right users came along. What we don't have there is the ability to really turn the site on to users who might be in need of a new building because we don't really know where that building can go. With all the information accumulated and after meetings with Meridian Land Services, the most progress on this project has been the commitment from the Town to spend some money to get some conceptual engineering so we can figure out the game plan. If we could accommodate a 60,000-80,000 SF building: where would it go? How far from the services would it be? How much would it cost for the infrastructure which looks very cost prohibitive for someone to develop this land. One question asked was should we give the land away for free. That is a real viable strategy to have someone come in and put the infrastructure in and develop the land. From there open up the remainder of the land, depending on what the TIF's intentions are. A \$2M price tag is unjustifiable for raw land because realistically a developer would be looking at \$3,000 to \$5,000 per acre. To maximize the value and potential development, the Town is doing the right thing in spending some money to figure out where development can occur and then from there you can market the land.

We are getting the marketing out to 1,200 companies on a target list from Keene to Massachusetts. There are companies looking to expand, but it's tough to pull someone here and sell the proximity of Milford if we don't have the combined collaterals to show what can be done there. Businesses don't have time for the initial activity and he brought up Echo Industrial Park in Londonderry. We are not seeing the absorption in the market with the banking community and credit markets. Milford is a centralized area and can pull employees from Keene to Nashua, but without the engineering we can only have conversations with folks about undeveloped land. The possibilities at Brox are there for a large use such as a medical research facility or a correctional facility or a big box distribution facility, but likened them to a needle in a haystack. There are users, regional in nature that with the right community and the right location could put in a 250,000SF building and become a magnet for other users. Milford already has a few in town and we're optimistic. As you continue to improve the information we'll continue to make progress. Eventually all that area will see activity, whether that will be in 2009, 2010 or 2025 remains to be the question.

J. McCormack said that the consensus of this group is that Brox is ready with preliminary engineering and conceptals if stimulus money were to become available. How practical and realistic is it to pursue a science park or medical facility. J. DeStefano said that the town could use the federal stimulus money to create the initial infrastructure to open up that first developable lot which could cost more than \$1M. Londonderry is looking at using some of that money to create an access road that would open up 1,000 acres of industrial land. D. Scanlon added that Londonderry has plans to extend that access road as a TIF project. Derry did this on a smaller scale but the idea was that the infrastructure was put in place and the lots were actually carved out and brought to grade level so that they were ready to be built on. Turnkey for somebody who wanted to buy a lot and they brought water and sewer right to the site. There is also another possible project in Londonderry on 300 acres and they figured out where the road and infrastructure would go. This is the level that you need to get Brox to.

B. Parker stated that we do have a good idea of the road location and utilities, not that it can't be adjusted depending on a final plan and eventual user.

J. DeStefano brought up the importance of an anchor and what draws people. One disadvantage for Milford is that some of the things other communities have such as a college, airport, or other attractions for industry and diversement of industry are just not here yet. We have a great central location but without an anchor and plans on how to develop the land, so it has been slow, relating to a marketing effort. Everything is in place, the website and the aerials and once we get to the next level we can start talking about the companies we're trying to entice. Then the marketing plan is to use you folks to go out into the business community as ambassadors. J. DeStefano named businesses that were contacted for another property in Amherst and said they found half a dozen or so in the immediate area that will eventually need 80,000SF +/- to expand their businesses. However, we are competing with Nashua and highway access. We had a party looking to be near a shipping facility so we drove Rte 13 and tried to justify that it would be just as quick from Milford to Chelmsford as opposed to land off the FE Everett. There is still a demand for manufacturing, look at Bon Terrain Industrial park and Northeastern Boulevard, but things are slow right now. It is almost cost prohibitive to build something under 30,000SF in today's economy and most of the users we run into are only looking at 10,000SF or 15,000SF. One of our original tasks was to find a developer who will put up a building that will pull others in. However, we need to have the approvals and commitments ahead of time because with the construction starts, the process can take a couple of years.

R. Ball said there might be other things that this committee can recommend the town to encourage substantial non-residential development. Does it make sense to discuss off-loading the ownership of the Brox property with the understanding that it will be for industrial purposes and the Town could address other issues allowing somebody else the opportunity to make a profit in the process of converting this raw land into a project. Giving it away may not be a bad idea if you create an industrial cash flow and jobs. If we took half on one side of the highway and sold it off leaving the rest for maybe residential on the other side. What would be involved in doing that? What would move that property down the road, other than giving it away? J. DeStefano said that if we had a user who identified this area as where they wanted to be, either they could develop the site or we could find a developer to build their building and lease it long term. If it take \$1M or \$2M to even get to the site, prepare the site, the cost of infrastructure improvements might offset the value of the land is negligible. It might an appropriate trade off to bring the improvements to the site and the acquisition costs be negligible or waived. If there were any developers looking right now to take this land off the Town's hands for any amount of money, we'd be in discussion. Our company's job is to provide options to the Town and it will be up to the Town to figure out what they want to do. We've approached developers about the Brox property and they see this as premature. R. Ball said if you took that piece of land and assume you get some number of buildings and throw in the infrastructure costs, you now have a ballpark ratable number that can be taxed. That would be worth a certain amount of money at the current tax rate and that would be a cash flow into the town which would help with the remainder of the planning as well as rebalancing industrial versus residential. It might be a more successful approach to let someone else do the work instead of putting a lot more money and resources into the Brox property at this time and work towards the long term cash flow and the jobs that would go with that. J. McCormack reinforced the point that no one would be too happy to give the land away at this time, but it is all about having options. If it can be proved in the long term as being net value positive, that we won't have to get tangled up in providing these services ourselves and provide cash flow that may have value to the taxpayers. R.

Ball asked if we are stuck on trying to market property. Maybe there are other ways of legally transferring the property so that the person receiving it has the obligation to either develop or eat the fate that would allow us to address the peripherals to make the property a more attractive commodity such as workforce housing issues and facilitating how to better get a project through the planning process and make it friendlier for the developer. Maybe we should be working with the state on trying to figure out how to open up Rte 101. J. DeStefano added that the initial engineering will help get to either option. Right now he doesn't know if we can give the land away; the developer would be taxed on land that they would have to figure out what will go there and do their own engineering. Developers are busy in other areas of the state and don't need this land. If we had the engineering and an interested developer, we could then sell a portion and give away the remainder for them to recoup their costs. R. Ball said we should explore our options because it is easy to let the blinders slowly close to the point where the focus is on what you think is the prize and the prize may not be there.

H. Leach asked if there has been any thought on coming in from the other side of Brox and selling off some land behind Brookview or Meadowbrook to get the money to do the other piece. Also, is there even a potential option to come off Rte 101? P. Barker said Rte 101 at Perry Rd is a difficult location due to wetlands. The town did a traffic study a few years back which did identify a better access location closer to the Hawes property if the State would allow that and the State may be open to that as long as somebody else pays for it. There are several ways to get in to Brox, but the preliminary layout came off Heron Pond Rd to tie in with Perry Rd and extend it around the large wetland area. Then the LandQuest proposal, a few years back, came in off Mason Rd through the Lorden and Hawes properties. There are potential access points but they are not costed out yet. There is no state funding and the State has been resistant to opening 101 in the past because it is a limited access highway and that could further limit the capacity of the road, but it should definitely be looked at again.

H. Leach said as a resident of that area, we end up with a fear that there may be a prison next to the elementary school, so people may be more open to workforce housing on that side of the property.

B. Chappell asked how the town can realistically get utilities out there.

**Discussion with Jack Dugan, MEDC:**

J. McCormack introduced Jack Dugan saying he has had successes with developing historic downtowns, industrial parks and using various avenues for state funding.

J. Dugan explained that the Monadnock Economic Development Corporation (MEDC) is a regional not for profit economic development group with four employees reporting to an eighteen member board of directors. Our mission is to help communities help businesses create jobs and in turn broaden their tax bases. We started in Keene then moved into Cheshire County, Claremont and now sliding eastward to include Milford because of the former Gateway Economic Development Group that is now defunct. We're having a difficult time getting on track with so many projects going on and trying to build up some capacity with our expanded primary service area. J. Dugan then explained that they do downtown revitalization and industrial parks, but don't do big box and commercial development. We own a lot of real estate; we develop the property, lease or sell it, and help come up with financing; what ever it takes. We use more CDBG money than anyone else in the state. We have used those grants to help businesses grow and also to create equity in our development company to pass out low introductory rates. We have used more rural development programs and business financing program than anyone else in the state. We have also recently tapped into the New Hampshire Community Loan Fund for \$2M to build \$7M mixed use commercial building in downtown Keene. Many of our sites started with limited or no access, no sewer/water and power and we have put them in.

J. Dugan summarized their projects as follows:

*Blackbrook Park in Keene;* we purchased the land, brought in all the utilities, built all the buildings, and leased them back to the tenants with options to buy. As a result, we sold everything except for three buildings. C & S, a multi-billion dollar grocer distribution chain from Vermont, purchased one of the buildings and employs 1,100 people. B. Parker asked how they made it happen for the grocers. J. Dugan said they had been working on them for many, many years. One of the hooks we had was that the owner lived in Keene. It literally took years and anything we could think of, even a low digit license plate number for the owner's car and ultimately we put one of

their people on our board. The community originally turned them down because of the large amount of trucks and they thought that Blackbrook Park was not a good spot for them. We kept after C & S and ultimately when our building seemed to suit their initial needs, we brought in a tax attorney through the BFA, initially for free, that consulted with C & S using their hot buttons, inheritance and succession to set up the corporate office in New Hampshire. That was the hook and we had the building. We sold it and made a million dollars to roll over to the next project.

*Keene downtown restoration*; we looked for the ugliest most distressed block in the downtown area to focus on and picked the Sears block. We have the ability to access certain types of financing programs that allow us to do things that the private sector can't access. We used a block grant, BFA money, Energy Star Tax credits and two bank loans to put that together for the renovation into mixed use with housing. We've done projects as small as 10,000SF and are in the midst of doing a \$45M project downtown currently. B. Parker asked if Jack saw that potential in Milford because we have a couple key visible locations downtown that need something. J. Dugan referenced a block in Claremont saying there are great things happening in the mills right off the downtown that are transforming the whole area. We got in early and bought the Brown Block using a block grant and New Hampshire Financing grant, loans from CDFR, BFA, and New Market and Historical tax credits. They put \$3M together for the project which now houses a restaurant, an old fashioned barber shop, offices and housing.

J. McCormack asked when Jack might be able to have a look and help us in Milford using his resources and time. J. Dugan said the difficulty is not money but starting with an interested party. You usually have someone lined up to break the ice and that is where the lack of resources hurts us here. In Keene we went door to door and kept searching until we found companies to come in. Pressitech, now in Blackbrook Park, makes highly precise optics. They used to be in an old mill and the slightest breeze would affect their finely calibrated equipment which affected sales. We hit them right and were able to arrange some financing. We built them a 60,000SF building that they leased and now they're tenured and doing very well; they may purchase the building. J. McCormack asked how Jack saw us getting started from what has been discussed this morning and what would our next steps be. B. Chappell again asked how they went about getting the utilities put in. J. Dugan answered it has been different in each instance. Most of the time it has been Tax Increment Financing providing the bulk of the infrastructure, although sometimes it is combined with a CDBG grant.

*Peterborough medical center*; J. Dugan explained the situation with medical center on top of the hill and the lack of access to the Monadnock Community Hospital. The hospital and town wrestled for years on how to get a safe dedicated street to the hospital. Then we learned that they were going to expand adding new doctors and staff. We used those new thirty new positions for leverage to get \$1M in tax exempt bonds that went into the infrastructure and construction of the street. Then we went to the town who created a TIF District so this new private clinic addition will take in the taxes to pay it back. If a project doesn't seem to fit, then make your project bigger. If you had a company close enough to this site that was expanding and creating jobs over the next few years, you could go to that company and leverage those jobs. Building the infrastructure doesn't necessarily have to benefit that company.

*Peterborough Shaws*; we went to Shaws and asked if we could loan them some money. Of course, they said they didn't need our money. But they were hiring new people so they applied with us for a CDBG and we loaned them the money which they could pay back without a pre penalty. The proceeds were set up as a revolving fund to help small businesses to improve their buildings. That was the hook for Shaws; they could take credit for helping area businesses. You have to think ahead, but he doesn't have the time or inclination right now to go door to door but an ambassadors program could and if you come up with something that sounds reasonable we can certainly come over and take a look.

J. Langdell asked if Claremont focused on what they wanted to happen downtown or was it happenstance that somebody came in with the right idea. J. Dugan replied that they did a lot of planning, a lot of outreach and they kind of had a vision. They went about creating their vision creatively though. Downtown Claremont was a fairly rough spot for a while and the town basically outlawed housing in the downtown and kicked everyone out. They started over, razed a few buildings and in the short term had a lot of abandoned properties. They did everything by ordinance with the help of their inspectors. They are now just starting to let housing come in and we built six high end units in the mill building. We had to be careful who we allowed into those units. J. Langdell asked

about the average lease or selling price and also if the city of Claremont offered any incentives to get redevelopment to come in.

J. Dugan said they did tax increment financing to convert a mill into a parking garage which will provide most of the parking. To their credit, they went after some crazy financing, such as the Scenic River money based on the fact that the Sugar River went through a very un-scenic part of downtown. They got \$700,000 and built a beautiful pedestrian bridge. They have a hotel, new business space, and visitor center across the way. It is quite nice; however, not all their problems are solved. Claremont has an industrial park where they have land that they can't give away. They held a lottery two or three years ago and no one came. There are still a lot of empty big buildings out there, similar to what your competition is. Take Peterborough who has a lot of available 10,000-100,000 SF buildings that anybody can have quick; the old NEBS and Brookstone buildings. We inherited building management responsibilities for the 7,000SF vacant Monadnock Business Ventures building which we will hopefully will sign a purchase agreement on Saturday.

J. DeStefano agreed that there is a lot of space on the market and added that there was a recent press release that a fabrication company out of Hooksett relocated to Peterborough for \$1.00 per SF according to market intelligence. It's almost like we're pulling companies out of other communities for rent-free space just to get some activity on properties. Quite frankly, Milford is a better location.

G. Infanti said he thought he had his whole second building leased out, but the local potential buyer found a 45,000SF a place in Jaffrey for \$1.4M.

J. DeStefano added that if a company is not so sensitive to this area, there is a whole country with unbelievable deals in terms of real estate. He heard that Hendrix got a facility in the Midwest for \$5 or \$10 per SF. You could pick up deals for cents on the dollar compared to the cost of building new, but with the Red River in Claremont, you had an anchor and you were then able to put that with a developer who also had a use, the restaurant, and could move forward.

J. McCormack said Jim if he considered himself a resource to do some of the legwork Jack was talking about. J. DeStefano said if they found a user who is interested in this area, Jack would probably be the first call they'd make.

T. Sapienza said this committee is looking at the strengths and weaknesses of Milford and asked the guests to comment on some of the advantages and disadvantages in Milford.

J. DeStefano replied with advantages:

1. The central location of Milford
2. Milford also has a lot of marquee companies already in town, significant employers like Hitchiner, Hendrix, and Alene Candles
3. The progressive nature of local government here and the business community in welcoming new business and the TIF program
4. Cheap land

D. Scanlon said this committee can define the "why" Milford, Jim and I can work on the "what" is available and Jack can handle the "how." It has to be a team effort and you folks all live or work here and are in the best position to come up with "why Milford."

S. Trombly asked if access off the 101 bypass would make the land more marketable. J. DeStefano said their initial research showed it would be very costly and was not part of the ten year highway plan. There are so many roadway improvements that have been on the state ten year plan for twenty years like the 93 expansion and the Conway bypass; this is not even on the radar screen yet.

J. Dugan referenced the stimulus money saying that \$825M sounds like a lot of money but every community like us is lining up and the competition will be fierce. Yes, we should be ready if the money becomes available, but

that money will be spread across the country primarily for “shovel ready” projects. Discussion on tax credits followed and he explained that the federal New Market tax credit program is a government program based on low income census tracts where you get 39% federal tax credit for every dollar spent. Historic tax credits will get you .20 more cents back. Those credits make projects financially viable.

H. Leach asked if this property was rural zoned in the USDA program? J. Dugan said there were ways to get around that and explained that Keene, at 24,000 people, was over the cutoff for rural development programs criteria, but they got rural development community facility money going into one of their downtown projects by designating Keene for a one year window of opportunity for rural development distress and tacked it onto a bill in congress. Communities with populations less than 20,000 are eligible for all kinds of rural development community facilities programs; long term loans and rural business enterprise grants. \$75,000 would go a long way to come up with engineering costs. R. Ball said it sounds like the key is that this money is available to agencies like yours rather than private development. J. Dugan agreed that most is available through us, the agency. Talking about the infrastructure and having a progressive community, the town could bond \$1.5M, put it in, and per TIF legislation, you wouldn't have to pay anything back for five years and hope someone shows up.

B. Parker said we've always floated that idea, but it's a tough one in town. G. Infanti said five years with no payback should give us time to find someone out there. We're sitting on land the town wanted to buy so no one could build houses on and doing nothing but letting the beavers fill in more wetland. Discussion on bonding and the previously defeated warrant article followed.

J. Dugan said Swanzey did that and it just barely got voted in by 2/3rds margin. The site sat there for years and finally the first company came and then more. That first company would have never gone there without the TIF money and the infrastructure. He also referenced Moore Nanotechnologies who moved to Swanzey because the town had TIF money for road improvements. J. McCormack referenced the partnership with Northeastern University saying that one of the factors that influence a developer's decision is the community's ability to respond and the time factor. From his own business experience, you go to the site that is most ready because time is really of the essence.

J. DeStefano said in closing that he is optimistic and has high hopes for 2009. Engineering in hand and an economic comeback will bring us to a different level and if we can score the anchor or the user, then developers like Jack's group or private developers could end up out there in the foreseeable future.

**Set next meeting date and agenda:**

Wednesday February 4<sup>th</sup> at 7:30AM Hampshire Hills Americana room

**Next agenda topics:**

Continuation of same agenda topics

The meeting was adjourned at 9:05AM.

**Questions asked:**

- Does it make sense to discuss off-loading the ownership of the Brox property and what would be involved?
- What would move that property down the road, other than giving it away?
- Are we stuck on trying to market property?
- Could access come in from the other side of Brox?
- Is there even a potential option to come off Rte 101?
- How the town can realistically get utilities to Brox?
- How do we get started and what would our next steps be?
- Would access off the 101 bypass make the Brox land more marketable?

**Actions items:**

- Website development
- BOS directive to town departments
- Staff to provide package with aerials and maps of identified properties
- Schedule site visits
- Provide updated information from Northeastern University partnership
- Invite Don Zizzi, Northeastern University to a future meeting