

CITY COUNCIL SPECIAL MEETING
June 17, 2014
COUNCIL CHAMBERS
7:22 PM

MEMBERS PRESENT

Councilor Collins
Councilor Gates
Councilor Gray
Councilor Hamann
Councilor Keans
Councilor Lauterborn
Councilor Kittredge
Councilor Lachapelle
Councilor Larochele
Councilor Torr
Councilor Varney
Councilor Walker

OTHERS PRESENT

Daniel Fitzpatrick, City Manager
Blaine Cox, Deputy City Manager
Danford Wensley, City Solicitor

MEMBERS EXCUSED

Mayor Jean

MINUTES

1. Call to Order

Deputy Mayor Varney called the City Council Special Meeting to order at 7:22 PM. Deputy City Clerk Marcia Roddy took a silent roll call. All councilors were present, except for Mayor Jean, who had been excused.

Deputy Mayor Varney called the councilors' attention to a resolution that had been adopted recently with an incorrect amount in it. A copy of the corrected resolution was provided to the Council. The resolution as adopted had the amount of \$88,467.40 contained therein, but should have been **\$86,467.40**. The corrected resolution is as follows:

RESOLUTION AUTHORIZING SUPPLEMENTAL APPROPRIATION
TO THE 2013-2014 CAPITAL IMPROVEMENTS BUDGET OF THE
CITY OF ROCHESTER, DEPARTMENT OF PUBLIC WORKS
FOR THE SO-CALLED SOUTH MAIN STREET PROJECT
FROM VARIOUS PRIVATE PROJECT CONTRIBUTIONS

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER, AS FOLLOWS:

That the sum of Eighty-Six Thousand Four Hundred Sixty-Seven Dollars and Forty Cents (\$86,467.40) be, and hereby is, appropriated as a supplemental appropriation to the 2013-2014 capital improvements budget of the City of Rochester, Department of Public Works for the purpose of providing sums necessary to pay expenditures with respect to the so-called South Main Street project (the "Project"), and provide further that such appropriation shall be drawn, its entirety, from various private Project contributions, namely, to the extent of Seventy-Nine Thousand Dollars (\$79,000.00), from Frisbie Memorial Hospital, and, to the extent of Seven Thousand Four Hundred Sixty-Seven Dollars and Forty Cents (\$7,467.40), from the owner(s) of the China Palace Restaurant, which contributions, by adoption of this resolution, are hereby accepted by the City of Rochester.

To the extent not otherwise provided for in this Resolution, the Finance Director is hereby authorized to designate and/or establish such accounts and/or account numbers as necessary to implement the transactions contemplated by this Resolution. **CC FY14 05-06 AB 53 REVISED ON 6-17-2014**

Councilor Torr **MOVED** to reconsider the resolution. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Lauterborn **MOVED** to amend the dollar amount from \$88,467.40 to \$86,467.40. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Walker **MOVED** to **ADOPT** the resolution as amended. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

2. RESOLUTION AUTHORIZING SUPPLEMENTAL APPROPRIATION TO THE 2014-2015 CAPITAL IMPROVEMENTS BUDGET OF THE CITY OF ROCHESTER, DEPARTMENT OF PUBLIC WORKS, FOR THE SO-CALLED STILLWATER CIRCLE BRIDGE REPAIR PROJECT, AND AUTHORIZING BORROWING IN CONNECTION THEREWITH

Councilor Lachapelle **MOVED** to read the resolution by title only for the first time. Councilor Walker seconded the motion. Deputy Mayor Varney read the resolution by title only for the first time as follows:

**RESOLUTION AUTHORIZING SUPPLEMENTAL APPROPRIATION
TO THE 2014-2015 CAPITAL IMPROVEMENTS BUDGET OF THE
CITY OF ROCHESTER, DEPARTMENT OF PUBLIC WORKS,
FOR THE SO-CALLED STILLWATER CIRCLE BRIDGE REPAIR PROJECT,
AND AUTHORIZING BORROWING IN CONNECTION THEREWITH**

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER, AS FOLLOWS:

That the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) be, and hereby is, appropriated as a supplemental appropriation to the 2014-2015 capital improvements budget of the City of Rochester, Department of Public Works for the purpose of providing sums necessary to pay expenditures with respect to the so-called Stillwater Circle Bridge Repair project (the "Project"), and provided further that such appropriation shall be drawn in its entirety from the proceeds of borrowing such as, but not limited to, lawfully authorized bonds and/or notes to be issued by the City of Rochester with respect to the aforesaid Project.

Additionally, and to the extent applicable, the Mayor and City Council of the City of Rochester hereby resolve that, in accordance with the provisions of RSA 33:9 and Section 45 of the Rochester City Charter, the City Treasurer, with the approval of the City Manager, be, and hereby is authorized to borrow the sum of up to Two Hundred Fifty Thousand Dollars (\$250,000.00) for the purpose of providing funds necessary for the so-called Project, such borrowing to be on such terms and conditions as the said Treasurer and City Manager may deem to be in the best interest of the City of Rochester. Furthermore, such borrowing is authorized subject to compliance with the provisions of RSA 33:9 and Section 45 of the Rochester City Charter. The useful life for the aforesaid Project is 30 years.

To the extent not otherwise provided for in this Resolution, the Finance Director is hereby authorized to designate and/or establish such accounts and/or account numbers as necessary to implement the transactions contemplated by this Resolution.

The resolution is to be scheduled for a Public Hearing on July 1, 2014, at the Regular City Council meeting.

3. Resolution Adopting the Granite Ridge Development Tax District: Tax Increment Development Program & Financing Plan, and Establishing the Granite Ridge Development District

Councilor Walker **MOVED** to read the resolution for the second time by title only. Councilor Keans seconded the motion. The **MOTION CARRIED** by a unanimous voice vote. Deputy Mayor Varney read the resolution by title only for the second time as follows:

RESOLUTION ADOPTING THE GRANITE RIDGE DEVELOPMENT TAX DISTRICT: TAX INCREMENT DEVELOPMENT PROGRAM & FINANCING PLAN, AND ESTABLISHING THE GRANITE RIDGE DEVELOPMENT DISTRICT

The Rochester Mayor and City Council will conduct a public hearing to take citizen input on the question of whether, pursuant to the provisions of Chapter 162-K of the N.H. Revised Statutes Annotated, entitled "Municipal

Economic Development and Revitalization Districts”, the City of Rochester should:

- A. Establish/Designate a so-called tax increment development district within the City of Rochester, to be known as the “Granite Ridge Development District” (sometimes herein referred to as the “District”), such District to consist of properties and/or lots and/or portions of lots located within the land area depicted on **Exhibit A** related to this Notice of Public Hearing (a listing of the Rochester Tax Map and Lot Numbers of the Rochester properties located within the District are listed in **Exhibit B** related to this Notice of Public Hearing), which Notice shall be posted in two (2) public places in the City of Rochester and on the web site of the City of Rochester at least seven days prior to the Public Hearing noticed herein (see **“NOTE”** below); and
- B. Establish/Adopt a development program and a tax increment financing plan for such Granite Ridge Development District, such program and plan being incorporated in a document entitled “Granite Ridge Development District: Tax Increment Development Program & Financing Plan” (sometimes hereinafter referred to as the “Plan”), dated May 6, 2014.

In the event that the above resolution is adopted by the Rochester Mayor and City Council by an affirmative vote taken at a public meeting held no less than fifteen (15) days after the above mentioned Public Hearing, the so-called Granite Ridge Development District will be established and the Granite Ridge Development District: Tax Increment Development Program & Financing Plan will be adopted, so that thereafter, real property taxes collected within the District will be collected and allocated in accordance with the provisions of the Plan and pursuant to the provisions of Chapter 162-K of the N.H. Revised Statutes Annotated.

Exhibit A and Exhibit B attached as Addendum (1) to this set of minutes.

Councilor Walker **MOVED** to **ADOPT** the resolution. Councilor Gray seconded the motion.

Councilor Walker **MOVED** to **AMEND** the resolution per the copy in the Workshop packet. Councilor Hamann seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Torr called for a roll call vote on the Motion to Adopt. The **MOTION CARRIED** by majority roll call vote. Councilors Walker, Collins, Varney, Kittredge,

Lachapelle, Gray, Larochelle, Hamann, Gates, Keans, and Lauterborn voted yes. Councilor Torr voted no.

4. Resolution Authorizing City Manager to Enter into a So-called "Development Agreement Between the City of Rochester, New Hampshire and DeMoulas Super Markets, Inc., Re: City Water and Sewer Line Extensions"

Deputy Mayor Varney said that the resolution had been amended and that the councilors had been provided a copy of the amended version prior to the meeting.

Councilor Walker **MOVED** to read the resolution by title only for the first time. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by unanimous voice vote. Deputy Mayor Varney read the resolution for the first time by title only as follows:

**RESOLUTION AUTHORIZING CITY MANAGER
TO ENTER INTO A SO-CALLED
"DEVELOPMENT AGREEMENT BETWEEN CITY OF ROCHESTER, NEW
HAMPSHIRE AND DEMOULAS SUPER MARKETS, INC.,
RE: CITY WATER AND SEWER LINE EXTENSIONS"**

BE IT RESOLVED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF ROCHESTER, AS FOLLOWS:

That the City Manager be, and hereby is, authorized, on behalf of the City of Rochester (the "City"), to enter into a so-called "Development Agreement Between City Of Rochester, New Hampshire and Demoulas Super Markets, Inc., Re: City Water and Sewer Line Extensions" (the "Agreement"), with the Demoulas Super Markets, Inc. ("Demoulas"), owner of a certain parcel of land situate on the so-called Milton Road in Rochester, NH, with respect to the extension of City water and/or sewer line along the so-called Salmon Falls Road and the said Milton Road to their points of approximate intersection in the aforesaid Milton Road (the "Project"), and the provision of a contribution/donation to such Project in the amount of Five Hundred Thousand Dollars (\$500,000.00) by Demoulas, which contribution/donation the City hereby accepts with appreciation, and authorizes the said City Manager to receive the said contribution/donation payments on behalf of the City in accordance with the terms of the Agreement. Such Agreement shall upon such terms and conditions as the City Manager deems to be in the best interests of the City of Rochester, and in a form similar to **Exhibit A** annexed hereto, but with such additions, deletions and/or modifications as the City Manager deems to be in the best interests of the City of Rochester. Further, that the City Manager be, and hereby is, authorized to take all such additional actions, and to execute any and all such documents as are necessary to effectuate and implement the purposes of this Resolution. **CC FY14 07-01 AB 102**

The Amended Exhibit A – Can be found as Addendum (2) to this set of minutes.

Councilor Walker **MOVED** to **ADOPT** the resolution. Councilor Torr seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

5. Non-Public Session/Non-Meeting

5.1 Non-Public RSA 91-A:3, II

5.2 Non-Meeting for Legal Consultation

Councilor Lachapelle **MOVED** to enter Non-Public Session under RSA 91-A:3, II and Non-Meeting for Legal Consultation at 7:30 PM. Councilor Walker seconded the motion.

Prior to voting and entering the Non-Public Session and Non-Meeting Councilor Torr spoke regarding the Granite Ridge TIF District. He wanted to clarify why he voted “no” on the resolution. He had issues with the proposal and the type of businesses proposed, particularly the burden it would be for the city, such as snow removal and upkeep.

Deputy Mayor Varney clarified that there is no money being authorized by this resolution; it is only designating a district for development. City Manager Fitzpatrick emphasized that there will be no expenditures until there is a developer's agreement.

The **MOTION CARRIED** by a roll call vote. Councilors Gray, Larochelle, Lauterborn, Keans, Kittredge, Varney, Hamann, Torr, Collins, Lachapelle, Gates, and Walker all voted yes.

Councilor Lachapelle **MOVED** to exit the Non-Public session at 7:55 PM and to seal the minutes indefinitely. Councilor Walker seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Lachapelle **MOVED** to suspend the rules and read the first resolution under labor contracts by title only. Councilor Walker seconded the motion. The **MOTION CARRIED** by unanimous voice vote. Deputy Mayor Varney read the resolution by title only as follows:

**RESOLUTION APPROVING COST ITEMS ASSOCIATED WITH PROPOSED CITY
OF ROCHESTER MULTI-YEAR COLLECTIVE BARGAINING AGREEMENT
NEW ENGLAND POLICE BENEVOLENT ASSOCIATION N.E.B.P.A.
LOCAL 123 – BARGAINING UNIT
[COMMUNICATIONS EMPLOYEES]**

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER, AS FOLLOWS:

That pursuant to, and in accordance with, the provisions of Chapter 273-A

of the New Hampshire Revised Statutes Annotated, the cost items associated with the two (2) year collective bargaining agreement between the City of Rochester and the NEBPA Local 123 Bargaining Unit, covering the period beginning upon July 1, 2014 and ending on June 30, 2016, as set forth in the proposed contract, and as more particularly detailed on the attached **“EXHIBIT A – Communications Cost Items June 2014”**, which includes a summary financial analysis of the annual costs of the contract to the City provided by the Rochester Director of Finance, is hereby approved.

EXHIBIT A – Can be found on the following page:

EXHIBIT A – Communications Cost Items June 2014

COMMUNICATIONS - City Proposal

City Health Contribution		80/20	80/20
Health Plan	HMO \$20 copay RX 10/20/45 DED \$250/750	HMO \$20 copay RX 10/20/45 DED \$250/750	HMO \$20 copay RX 10/20/45 DED \$250/750
Projected Health Increase		FINAL RATES	5.00%
Projected Wage Increase		Min. range adjustment	0-3% MERIT
		Lead Specialist	
	Current FY14	FY15	FY16
Wages			
Base Wage - Specialist	346,632	249,937	257,435
Base Wage - Lead Specialists		113,880	120,120
Holiday Pay	14,665	15,392	15,973
Total Wages	361,297	379,209	393,529
Dollar Change		17,912	14,319
% Change		4.96%	3.78%
Benefits			
Medicare	27,639	29,010	30,105
Health Insurance	120,518	117,456	123,329
Opt Out	4,800	4,800	4,800
Total Rollups	152,957	151,266	158,234
Dollar Change		-1,692	6,968
% Change		-1.11%	4.61%
Totals			
Total Wages Benefits and Rollups	514,254	530,475	551,763
Dollar Change		16,221	21,288
% Change		3.15%	4.01%
Dollar Change		2,819	
% Change with Reorganization		0.55%	

10 Total Employees - 100% FT

Councilor Lachapelle **MOVED** to suspend the rules and read the resolution for the second time by title only. Councilor Walker seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Lachapelle **MOVED TO ADOPT** the resolution. Councilor Walker seconded the motion.

Councilor Torr **MOVED** that there be a roll call vote. Councilor Walker seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilors Hamann, Walker, Larochele, Gates, Varney, Gray, Torr, Keans, Lauterborn, Lachapelle, Collins, and Kittredge all voted yes. The **MOTION TO ADOPT CARRIED**.

Councilor Lachapelle **MOVED** to suspend the rules and read the next resolution under labor contracts by title only. Councilor Walker seconded the motion. The **MOTION CARRIED** by unanimous voice vote. Deputy Mayor Varney read the resolution by title only as follows:

**RESOLUTION APPROVING COST ITEMS ASSOCIATED WITH PROPOSED
CITY OF ROCHESTER
MULTI-YEAR COLLECTIVE BARGAINING
AGREEMENT WITH
STATE EMPLOYEES ASSOCIATION OF NEW HAMPSHIRE SEIU LOCAL 1984 -
THE ROCHESTER MUNICIPAL EMPLOYEES [RMEA]
[Municipal Employees]**

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER, AS FOLLOWS:

That pursuant to, and in accordance with, the provisions of Chapter 273-A of the New Hampshire Revised Statutes Annotated, the cost items associated with the multi-year year collective bargaining agreement between the City of Rochester and the RMEA Bargaining Unit, covering the period July 1, 2014 to June 30, 2016, as set forth in the proposed contract, and as more particularly detailed on the attached **“EXHIBIT A: RMEA SEIU Cost Items - June 2014** , which includes a summary financial analysis of the annual costs of the contract to the City provided by the Rochester Director of Finance, is hereby approved.

Exhibit A – Can be found on the following page:

EXHIBIT A: RMEA SEIU Cost Items - June 2014

SEIU - RMEA - City Proposal

Assumptions			
City Health Contribution		80/20	80/20
Health Plan	HMO \$20 copay RX 10/20/45 DED \$250/750	HMO \$20 copay RX 10/20/45 DED \$250/750	HMO \$20 copay RX 10/20/45 DED \$250/750
Projected Health Increase		FINAL RATES	5.00%
Projected Wage Increase		2.50%	0-3% merit
	Current FY14	FY15	FY16
Wages			
FT Wages	1,351,079	1,384,856	1,419,478
PT Wage	307,445	315,131	323,010
Longevity	11,815	12,350	13,875
Total Wages	1,670,340	1,712,338	1,756,363
Dollar Change		41,998	44,025
% Change		2.51%	2.57%
Benefits			
FICA	103,561	106,165	108,894
Medicare	24,220	24,829	25,467
Health Insurance	434,780	423,744	444,931
Opt Out	9,600	9,600	9,600
Total Rollups	468,600	458,173	479,998
Dollar Change		-10,427	21,826
% Change		-2.23%	4.76%
Totals			
Total Wages Benefits and Rollups	2,138,940	2,170,511	2,236,361
Dollar Change		31,571	65,850
% Change		1.48%	3.03%

46 Total Employees - 72% FT

Councilor Lachapelle **MOVED** to suspend the rules and read the resolution for the second time by title only. Councilor Walker seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Lachapelle **MOVED TO ADOPT** the resolution. Councilor Walker seconded the motion. A roll call vote was taken. Councilors Gates, Keans, Lauterborn, Walker, Lachapelle, Gray, Laroche, Torr, Hamann, Kittredge, Collins, and Varney all voted yes. The **MOTION CARRIED**.

Councilor Lachapelle **MOVED** to suspend the rules and read the next resolution under labor contracts by title only. Councilor Walker seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

**RESOLUTION APPROVING COST ITEMS ASSOCIATED WITH
PROPOSED
CITY OF ROCHESTER
MULTI-YEAR COLLECTIVE BARGAINING
AGREEMENT WITH
NEW ENGLAND POLICE BENEVOLENT ASSOCIATION
N.E.B.P.A.
LOCAL #123 BARGAINING UNIT
[POLICE EMPLOYEES]**

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER, AS FOLLOWS:

That pursuant to, and in accordance with, the provisions of Chapter 273-A of the New Hampshire Revised Statutes Annotated, the cost items associated with the two (2) year collective bargaining agreement between the City of Rochester and the NEBPA Local 23 Bargaining Unit, covering the period beginning Jul 1, 2014 and ending on June 30, 2016, as set forth in the proposed contract, and as more particularly detailed on the attached **"EXHIBIT A – Police Cost Items June 2014"**, which includes a summary financial analysis of the annual costs of the contract to the City provided by the Rochester Director of Finance, is hereby approved.

Exhibit A – Can be found on the following page:

EXHIBIT A - Police Cost Items June 2014

NEPBA - City Proposal

Assumptions			
City Health Contribution		80/20	80/20
Health Plan	HMO \$20 copay RX 10/20/45 DED \$250/750	HMO \$20 copay RX 10/20/45 DED \$250/750	HMO \$20 copay RX 10/20/45 DED \$250/750
Projected Health Increase		FINAL RATES	5.00%
Projected Wage Increase		0-5% MERIT ADJUSTMENT	
	Current FY14	FY15	FY16
Wages			
Base Wage - Patrol	2,198,275	2,262,944	2,322,683
Base Wage - Sergeant	382,880	397,264	405,214
Holiday Pay	109,203	112,547	115,411
Early Report	80,661	83,132	85,247
Educational Incentive	35,000	32,000	32,000
Total Wages	2,806,019	2,887,887	2,960,554
Dollar Change		81,868	72,667
% Change		2.92%	2.52%
Benefits			
Medicare	40,687	41,874	42,928
Health Insurance	782,604	762,739	800,876
Opt Out	13,000	13,000	13,000
Total Rollups	836,292	817,614	856,804
Dollar Change		-18,678	39,191
% Change		-2.23%	4.79%
Totals			
Total Wages Benefits and Rollups	3,642,311	3,705,500	3,817,358
Dollar Change		63,190	111,858
% Change		1.73%	3.02%

49 Total Employees - 100% FT

Councilor Lachapelle **MOVED** to suspend the rules and read the resolution for the second time by title only. Councilor Walker seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Lachapelle **MOVED** to **ADOPT** the resolution. Councilor Walker seconded the motion. A roll call vote was taken. Councilors Gray, Laroche, Lauterborn, Keans, Kittredge, Varney, Hamann, Torr, Collins, Lachapelle, Gates, and Walker all voted yes. The **MOTION CARRIED**.

6. Other

Councilor Kittredge tendered his resignation as City Councilor for Ward 6. He cited health reasons for his resignation that necessitated his move within the city to another ward. He thanked everyone on the City Council for their help in making his tenure pleasant, enjoyable, and educational. He said his resignation will be effective as of midnight on June 30, 2014.

7. Adjournment

Councilor Walker **MOVED** to **ADJOURN** the Special Meeting at 8:10 PM. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Respectfully submitted,

Marcia H. Roddy

Deputy City Clerk



City of Rochester, New Hampshire

Granite Ridge Development District

Tax Increment Development Program & Financing Plan

Date Prepared: May 6, 2014 Revised on May 27, 2014

Date Adopted: Estimated June 10, 2014

THINK ROCHESTER
NEW HAMPSHIRE ECONOMIC
DEVELOPMENT

A. Introduction and Objectives

Tax increment financing (TIF), authorized by New Hampshire RSA 162-K may be used to provide municipal incentives for economic development. Tax increment financing allows property taxes derived from growth in assessed valuation within a TIF district to be retained to pay for public improvements made within the district that encourage new businesses and industries to locate there. Cities and towns in northern New England use the TIF mechanism to compete with financial incentives offered in other regions of the United States. TIF districts are limited in duration, generally by the time required to amortize bonded debt and the recovery of other municipal costs incurred in creating the TIF district and providing public infrastructure.

1. History of Granite Ridge Development District (GRDD)

Well thought out and planned commercial districts benefit the community and landowners within the district in many ways. The Granite Ridge Development District was first studied in 1998 and was included in Rochester's Land Use Master Plan and Transportation Master Plans at the turn of the century. The plan to attract significant commercial investment was further enhanced in the Economic Development Master Plan, completed and implemented in 2006. An early report of the TIF build-out potential was completed by Bruce Mayberry in September 2006. CLD was selected in 2008 to provide further analysis on wetlands and land capacity, and potential infrastructure needs to support the anticipated development. The Buxton Company provided a comprehensive retail analysis, leakage report and prospects for attraction in a study completed the same year.

Rochester has clearly stated benefits identified as maximized tax revenue, minimized infrastructure burden, efficient and easy to navigate roads, and minimized traffic impacts. A specific zoning district ordinance for the Granite Ridge Development District (GRDD) was approved in April 2010, to support and enhance the city's goals and objectives. The city completed an application for the District to become a New Hampshire Economic Revitalization Zone in 2013, which was approved by the Department of Resources and Economic Development.

2. Objectives of Granite Ridge Development District TIF Program

The objectives of the Tax Increment Financing Program are to:

- Stimulate significant opportunities for business creation and expansion within the District.
- Enhance employment and earnings opportunities for area residents.
- Stimulate increases in the commercial tax base within the City, reducing and/or stabilizing the residential tax burden.
- Minimize infrastructure cost to the City through efficient planning for the district as a whole.
- Maximize the developable areas on individual parcels within the district through flexible requirements.
- Manage traffic impacts to NH Route 11 through implementation of a public connector road between development and parcels, and shared intersections and driveways.

These objectives will be achieved by improving water, sewer and highway infrastructure, and by developing a public shared access connector road on the North-east side of NH Route 11. The proposed improvements are more specifically defined in Section III.

The conceptual TIF District has been evaluated along the NH Route 11 corridor with respect to its potential build-out and the incremental valuation and tax revenue that it might generate. The most recent analysis was completed by CLD Consulting Engineers and included a thorough analysis of build-out potential and infrastructure requirements.

All or a portion of incremental tax revenues generated from increased assessed valuation within a TIF may be captured to recover the City's investment in infrastructure development costs.

3. Development Potential of Granite Ridge Development District

The CLD Report of 2009 was used to estimate the amount of land in Granite Ridge that is available to be developed based on current Land Use Regulations. In the study of land areas the primary limitations to development are wetlands and steep slopes. These areas were mapped as part of the report.

- The GRDD was surveyed by a wetland scientist, who determined where the wetlands are based on current definitions of wetlands. A 50-foot buffer was added around the wetlands per local and state regulations.
- The areas of the district where the slopes are too steep (greater than 15%) for building were determined from topographic data. The wetlands (including the 50-foot buffer) and the steep slopes were plotted on the corridor base map of the area.

A summary of estimates of the type and size of development that would be supported based on these estimates is approximately 1.6 million square feet of combined retail and other commercial or office uses.

Table 1: Granite Ridge Development Potential

Comparison Factor	
Gross Land Area (Acres)	913.09
Building Floor Area Existing	594,316
Growth Potential	1,615,904
Buildout Total	2,210,220
Taxable Assessed Value Existing	\$62,326,773.00
Growth Potential	\$362,419,005.00
Buildout Total	\$424,745,778.00
Annual Property Tax Yield (1) Existing	\$1,642,993.74
Growth Potential (Increment)	\$9,553,364.97
Buildout Total	\$11,196,298.71

(1) Computed at total 2013 tax rate of \$26.36 per thousand assessed value

4. Public Benefits of Granite Ridge TIF District Program

The construction of new commercial and hospitality business facilities promotes the long-term growth, stability and diversity of employment and the City’s taxable valuation. Long term growth in commercial and industrial valuation ultimately supports higher quality services at a lower tax expense to residential uses. The Granite Ridge Development District TIF Program is expected to provide a number of public benefits, including:

- 1) Enhancing the efficiency of land use and encouraging development consistent with the City's Master Plan and its Economic Development Strategy;
- 2) Concentrating new economic development in desired areas through the efficient use of public infrastructure;
- 3) Stabilizing or expanding the City's employment base and resident access to new employment opportunities;
- 4) Encouraging the creation of diverse economic opportunities and improving the standard of living for residents;
- 5) Providing for long-term growth in the City's non-residential property valuation;
- 6) Diversifying the property tax base to enable Rochester to continue providing quality municipal services and facilities for residents; and
- 7) Supporting general growth and prosperity of the City and the general welfare of its citizens.

B. Description of the Granite Ridge Development District Tax Increment Financing Program Area

1. District Boundaries

The Development District includes 71 properties indicated in a map of the area labeled Map A, and followed by a spreadsheet labeled Table 2. It encompasses land between Exit 15 of the Spaulding Turnpike, along the NH Route 11 Corridor to the Farmington town line. As indicated in Table 2, the proposed TIF District contains 913.09 acres, which represents 3.18% of the total land area in the City of Rochester (28,688.05 acres). The total assessed value of taxable property in the proposed district is \$62,326,773 or 3.04% of the total assessed value of taxable property in the City (\$2,048,617,212). Thus the district complies with the size standards of RSA 162-K:5 as amended.

2. District Characteristics

The TIF District as defined contains significant parcels with vacant developable land, and those estimated as most likely to benefit from investment in public infrastructure. The gross land area includes 913.09 acres with a current taxable valuation of about \$62.327 million. In some cases, the vacant land parcels within the TIF is valued under current use provisions. This would mean a substantial increment in value would be created upon conversion of this land from current use status as it develops. The development district contains approximately 594,316 sq ft gross floor area in existing buildings, including some residential uses.

**Table 2: Granite State Business Park TIF District Parcels
Estimate of Original Assessed Valuation (Baseline) ¹**

Estimate of Original Assessed Valuation (Baseline)

Updated: January 2014

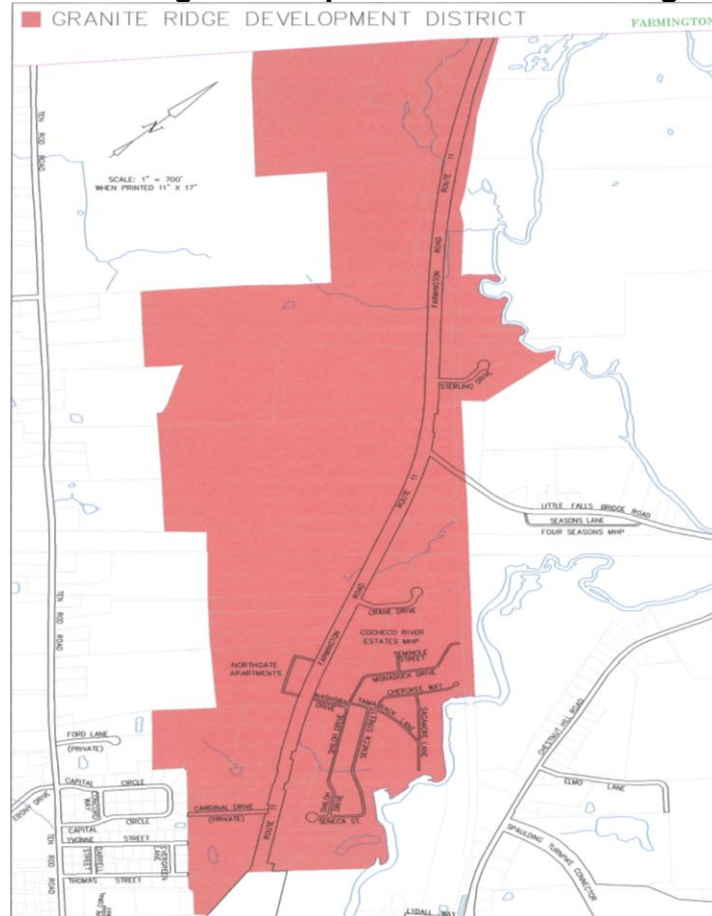
Parcel ID (PID)	Acres	Total Baseline Assessment	Other
0208-0001-0000	77.06	\$ 1,062,671.00	Partial CU
0208-0001-0001	34.18	\$ 13,838,300.00	
0208-0001-0002	5.44	\$ 291,600.00	
0208-0002-0000	32.00	\$ 1,736.00	CU
0208-0004-0000	1.30	\$ 155,200.00	
0208-0005-0000	0.63	\$ 144,300.00	
0208-0006-0000	1.05	\$ 328,200.00	

0208-0006-0001	0.94	\$ 392,800.00	
0208-0007-0000	1.33	\$ 348,100.00	
0208-0008-0000	60.00	\$ 2,423,333.00	Partial CU
0208-0008-0001	11.61	\$ 467,400.00	Partial CU
0208-0009-0000	4.30	\$ 915,900.00	
0208-0010-0000	1.02	\$ 712,800.00	
0208-0011-0000	4.00	\$ 394,100.00	
0208-0012-0000	75.00	\$ 177,580.00	
0208-0013-0000	16.09	\$ 118,061.00	CU
0208-0014-0000	165.49	\$ 2,623,500.00	Exempt
0208-0015-0000	0.29	\$ 46,800.00	Exempt
0208-0016-0000	1.66	\$ 234,900.00	
0208-0017-0000	8.90	\$ 233,100.00	
0208-0018-0000	1.65	\$ 234,700.00	
0208-0018-0001	2.08	\$ 241,200.00	
0208-0018-0002	2.88	\$ 1,638,700.00	
0208-0018-0003	5.02	\$ 285,300.00	
0208-0018-003A	0.64	\$ -	
0208-0019-0000	1.16	\$ 520,100.00	
0208-0019-0001	1.25	\$ 990,400.00	
0208-0019-0002	0.57	\$ 554,500.00	
0209-0001-0000	1.70	\$ 297,500.00	
0216-0001-0000	3.20	\$ 728,900.00	
0216-0002-0000	2.60	\$ 455,200.00	
0216-0003-0000	2.90	\$ 197,200.00	
0216-0004-0000	17.10	\$ 4,763,500.00	
0216-0005-0000	1.24	\$ 674,000.00	
0216-0006-0000	5.62	\$ 1,515,200.00	
0216-0007-0000	7.60	\$ 390,500.00	
0216-0008-0000	6.30	\$ 680,500.00	
0216-0009-0000	20.00	\$ 668.00	CU
0216-0010-0000	21.00	\$ 485,700.00	
0216-0011-0000	85.00	\$ 469,715.00	Partial CU
0216-0012-0000	1.89	\$ 187,900.00	
0216-0013-0000	11.80	\$ 39,700.00	Exempt
0216-0017-0000	12.00	\$ 40,300.00	Exempt
0216-0018-0000	3.50	\$ 1,565,400.00	
0216-0018-0001	2.75	\$ 769,400.00	
0216-0018-0002	3.60	\$ 2,675,200.00	
0216-0019-0000	4.50	\$ 303,800.00	
0216-0020-0000	6.09	\$ 1,979,800.00	
0216-0021-0000	4.80	\$ 259,500.00	
0216-0022-0000	5.30	\$ 267,000.00	
0216-0023-0000	3.16	\$ 257,400.00	
0216-0024-0000	4.01	\$ 1,562,700.00	
0216-0025-0000	2.60	\$ 1,339,100.00	
0216-0026-0000	68.00	\$ 4,745,600.00	
0216-0027-0000	3.40	\$ 11,900.00	

0216-0028-0000	1.70	\$ 1,136,300.00	
0216-0028-0001	0.10	\$ 181,500.00	Exempt
0216-0029-0000	2.15	\$ 366,800.00	
0221-0154-0000	20.80	\$ 235,095.00	Partial CU
0221-0156-0000	1.20	\$ 186,800.00	
0221-0157-0000	1.20	\$ 60,700.00	
0221-0158-0000	1.30	\$ 157,200.00	
0221-0159-0000	2.45	\$ 246,800.00	
0221-0160-0000	1.32	\$ 159,800.00	
0221-0162-0000	6.40	\$ 160,100.00	
0221-0163-0000	15.00	\$ 309,414.00	
0221-0164-0000	1.16	\$ 862,900.00	
0221-0165-0000	1.70	\$ 855,100.00	
0221-0166-0000	1.10	\$ 530,500.00	
0221-0167-0000	0.30	\$ 254,000.00	
0221-0168-0000	14.00	\$ 172,200.00	
0221-0169-0000	12.01	\$ 384,300.00	Exempt
0208-0001-A000	0.00	\$ 28,700.00	
	913.09	\$ 62,326,773.00	

CU = Current Use Property

Map A: Granite Ridge Development District TIF Program:



3. Compliance with Statutory Limits on TIF Land Area and Valuation

Table 3 compares baseline conditions in the GSBP TIF district to statutory limitations on taxable valuation and acreage allowed within the City. New Hampshire RSA 162-K:5 sets the maximum allowable base valuation of any individual TIF district, at not more than eight percent (8%) of the City's taxable value, and limits gross land area within a TIF to not more than five percent (5%) of the City's land area. Maximum base valuation for a single TIF district in Rochester is ~~\$160.47~~ **\$163.889** million (as of 201~~23~~) and maximum land area allowable in an individual district is 1,434 acres. Both the valuation and acreage of the Granite Ridge Development TIF District are well within statutory limits.

Table 3: Compliance with Statutory Limits of RSA 162K

Comparison Factor for Statutory TIF Limitations RSA 162-K:5	Taxable Valuation	Land Area in Acres
City Total 2011 2013	\$2,048,617,212	28,688.05
Maximum Allowable - Individual TIF District <i>(8% of Taxable Value; 5% of Acreage)</i>	\$163,889,377	1,434.40
Granite Ridge Development District TIF Baseline <i>As Percent of City Total</i>	\$62,326,773 3.04%	913.09 3.18%
Maximum Cumulative TIFs Allowable <i>(16% of Taxable Value; 10% of Acreage)</i>	\$327,778,754	2,868.81
Granite Ridge Development District TIF	\$ 62,326,773	913.09
Granite State Business Park RSA 162k:5 TIF	\$ 13,413,792	335.26
Granite State Business Park RSA 205 TIF	\$ 24,169,200	56.45
Total Cumulative District Values 2013 <i>As Percent of City Total</i>	\$ 99,909,765 4.87%	1,304.80 4.55%

C. Proposed Development Activities

The City's principal activities in developing the Granite Ridge Development District may include land acquisition and assembly, public infrastructure development, maintenance and administration of the commercial district, marketing and promotion, negotiation of development agreements.

1. Acquisition of Land, Easements and Rights of Way

The City of Rochester proposes to encourage commercial development within the Granite Ridge Development District. It is anticipated that the development and public improvements will occur over two decades, taking advantage of economic cycles and developer and retailer interests. The public infrastructure has been divided in to roughly ten (10) sections.

a. Relocation and Displacement

The City intends to acquire all property through negotiated purchases. It does not anticipate the need to relocate persons, families, or businesses due to publicly financed acquisition or development activity within the Granite Ridge Development District TIF District. Any proposals for the involuntary displacement of persons or businesses would require an amendment to this TIF Development Program.

b. Property Disposition & Reuse of Private Property

The City may convey all or a portion of property it acquires within the TIF District to private developers under the terms of specific development agreements designed to promote the objectives of the Development Program. The terms of purchase and sale agreements or development agreements pertaining to properties transferred by the City must be approved by the City Council.

2. Environmental Remediation of City-Owned Sites

While there is no anticipated need for the remediation of contaminated sites to be acquired by the City within the TIF District, the City of Rochester may undertake environmental cleanup, remediation or monitoring of municipally owned real estate it owns within the District. The City shall have the authority to accept grants from the federal government, State of New Hampshire, or other entities, to finance remediation activities. Should a need arise for the environmental remediation within property owned by the City in the District, the City may use tax increment revenues for that purpose.

3. Public Facilities to be Constructed

a. Initial Infrastructure Projects

The City's initial capital investment in public infrastructure within the TIF District includes the following elements, which center on improvements necessary to enable development of the Granite Ridge Development District:

- Water & Sewer System Improvements
- Intersection Improvements – City Streets with NH Route 11
- Shared Access Points – City Streets: Two Rod Road, Marketplace Way, Crane Drive, Cinema Way, Healing Way, others as necessary
- Connector Road – Granite Ridge Boulevard
- Administration and training expense as necessary and approved in the annual budget process – administrative infrastructure, hardware & software, to increase the city's capacity to administer construction projects, developments and ongoing activity within the TIF District.
- Potential improvements Rails-to-Trails Pathway: Rochester to Farmington
- Possible Protection Areas, Environmental Controls
- Connections to Public Transportation and Alternative Transportation
- Adherence to Construction Standards
- Maintenance of Public Streets and Public Areas

Table 4. Estimated Cost of Public Improvements

Updated May 2014 Severino & Rochester Public Works

Public Improvements - North Section	
1. Intersection F - (Healing Way)	\$ 1,115,000.00
2. Sewer Pump Station & Sewer Improvements to T.L.	\$ 1,814,128.00
	<i>Subtotal</i> \$ 2,929,128.00
<i>Engineering 20%</i>	\$ 585,825.60
<i>Contingency 20%</i>	\$ 702,990.72
<i>Permitting & Mitigation</i>	
TOTAL	\$ 4,217,944.32

Public Improvements - Central Section	
3. Frontage Road & Signals - Wal Mart to Two Rod Road	\$ 2,015,000.00
4. Severino Estimate - Access Roads to Boulevard & Intersection Little Falls Bridge Road	\$ 814,675.00
5. Severino Estimate - Frontage Road (Granite Ridge Boulevard) and Wetland Basin	\$ 1,500,440.25
6. Sewer & Water Improvements	\$ 1,000,000.00
7. Access C/ Crane Dr & Farmington Rd	\$ 1,900,000.00
	<i>Subtotal</i> \$ 7,230,115.25
<i>Engineering 20%</i>	\$ 1,446,023.05
<i>Contingency 20%</i>	\$ 1,735,227.66
<i>Permitting & Mitigation</i>	\$ 500,000.00
TOTAL	\$ 10,911,365.96

Public Improvements - Southern Section	
8. Frontage Road & Interior Intersections	\$ 2,150,000.00
9. Access B/ Nashoba Dr & Farmington Rd	\$ 1,530,000.00
10. Access A & Farmington Road	\$ 1,010,000.00
	<i>Subtotal</i> \$ 2,540,000.00
<i>Engineering 20%</i>	\$ 508,000.00
<i>Contingency 20%</i>	\$ 609,600.00
<i>Permitting & Mitigation</i>	
TOTAL	\$ 3,657,600.00

b. Other Public Costs

While the initial plan for infrastructure development centers on the above elements, additional projects to extend or improve public utilities and roadways may also be undertaken within the Granite Ridge Development District in the future, including but not limited to:

1. Further extension of public roadways and street lighting
2. Extension of water, sewer and underground services.
3. Sidewalks, bus shelters or other amenities for public use.
4. Intermodal transportation facilities
5. Other as recommended by the Advisory Board and Approved by the City Council

The Development Plan does not envision the creation of public open space by the City within the Granite Ridge Development District TIF Program, since the intent is to maximize the development potential on each site. However, reservations of land for public open space or conservation may be established outside the GRDD as conditions of Planning Board approval during the site plan approval process, and/or donated or offered by individual developments.

4. Gas and Electric Utilities

Natural gas service is not currently provided to the Granite Ridge Development District. Unil staff are aware of the development and may see more revenue potential in the future. They have policies which regulate extending service lines to provide service to new development sites.

Public Service Company of New Hampshire (PSNH) is the provider of electric service to the Granite Ridge Development District. The city has had very favorable discussions with their engineering and economic development staff.

The City may enter into such contracts and agreements as are necessary to enable the installation of electric service within the TIF District, cable and telephone, natural gas or other common services, and to provide for appropriate easements for the installation and maintenance of these facilities.

5. Environment Controls

Private property within the District shall be developed or redeveloped in accordance with the goals, objectives, and standards set by the following City documents, as amended:

1. Rochester Master Plan and Economic Development Strategic Plan;
2. Zoning ordinances;
3. Special zoning overlay provisions relative to the Aquifer Protection District
4. Subdivision regulations;
5. Site plan review regulations;
6. Building and life safety codes;
7. All applicable state and federal laws pertaining to abatement of hazardous materials or environmental contamination.

In addition to applicable public regulations, other pertinent limits on development may be defined by the terms of development agreements between the City and individual private parties.

D. Tax Increment Financing Plan

1. Objective

The objective of the Financing Plan is to provide funds for the construction of public improvements, to offset the net public cost of organizational and administrative expenses incurred in developing and maintaining the Granite Ridge Development District. The City intends to use the property tax revenue derived from captured (incremental) assessed valuation within the Granite Ridge Development District to fund public infrastructure and to reimburse the City for other expenditures relative to maintenance and administration.

2. Land Acquisition Costs

It is anticipated that land necessary to provide public infrastructure will be provided as “in kind” contribution from developers and property owners. Should land acquisition occur, this will be considered an expense eligible for reimbursement from tax increment revenues, but subordinate to the use of incremental revenues to pay debt service on bonds for public infrastructure.

3. Sale of City-Owned Real Estate within the TIF District

As part of the Development Program, the City may convey individual properties to private entities for the purposes of development consistent with the purposes of the District. Net revenues generated from the sale of these parcels shall be used to reimburse the City’s Economic Development Fund for its prior investments in land acquisition.

4. Cost of Public Improvements

The City anticipates approaching public improvements over the course multiple years of the development of the Granite Ridge Development District. Bonding will occur in increments as infrastructure improvements are planned and necessary.

Public Improvements - 2014-2015 Anticipated	
4. Severino Estimate - Access Roads to Boulevard & Intersection Little Falls Bridge Road	\$ 814,675.00
5. Severino Estimate - Frontage Road (Granite Ridge Boulevard)	\$ 1,500,440.25
6. Sewer & Water Improvements	\$ 1,000,000.00
<i>Subtotal</i>	\$ 3,315,115.25
<i>Engineering 20%</i>	\$ 663,023.05
<i>Contingency 20%</i>	\$ 795,627.66
<i>Permitting & Mitigation</i>	\$ 225,984.04
TOTAL	\$ 4,999,750.00

5. Revenue Potential from Captured Assessed Valuation in District

a. Annual TIF District Revenues

TIF revenues will be generated by property taxes levied on the captured assessed valuation within the District after the date of its creation. Long term projections of buildout of the Granite Ridge Development District indicate the following annual tax revenue potential generated by 100% retention of captured assessed value.

Table 5: Projection of Assessed Valuation for Known Development

Tax Rate for 2013 is \$26.36 per Thousand of Valuation

Revised 5/6/14

Est. New Construction	Estimated New Assessed Value	Estimated Incremental Revenue
16,100 ft2	\$ 1,100,000	\$ 28,996
120,000 ft2	\$ 6,000,000	\$ 158,160
150,000 ft2	\$ 12,000,000	\$ 316,320
150,000 ft2	\$ 12,000,000	\$ 316,320
50,000 ft2	\$ 4,000,000	\$ 105,440
Cumulative Est. Revenue		\$ 925,236

The above revenue estimates rely on assumptions that include anticipated near-term development commitments, and a large commercial development coming online in the Central Phase in August 2015, as well as additional commercial activity on a related parcel during the same window. The portion of captured assessed valuation required to be retained for TIF expenses may change over time depending on the actual pace and character of new development within the TIF, actual valuations assigned to TIF properties, and property tax rate.

Table 6. Estimates of Future Development from 2014 through 2030

Northern Section	<i>Through 2030</i>	Value	
Acres - 375.05	Est. Future Construction - 325,000 ft2	Increment	\$ 21,953,864
Central Section	<i>Through 2020</i>	Value	
Acres - 339.89	Est. Future Construction - 850,000 ft2	Increment	\$ 61,093,494
Southern Section	<i>Through 2030</i>	Value	
Acres - 184.93	Est. Future Construction - 653,100 ft2	Increment -	\$ 53,821,000

b. Annual Allocation of Captured Value

Where annual tax increment revenues from the Granite Ridge Development District, together with unexpended balances of such revenues from prior years exceed the amount necessary for annual debt service payments, the balance may be used to offset other approved costs for prior expenditures for land acquisition or TIF development costs, to fund public improvements within the District, to create reserve funds set aside for future improvements, or for the operation and maintenance of public infrastructure. The priority for use of incremental TIF revenues shall be:

1. Bonded debt service, if any;
- ~~2. Repayment of past expenditures for funds drawn from the Economic Development Fund, if any;~~
2. Approved operating costs for public infrastructure within the TIF District.
3. The recovery of initial costs for land capability analysis, cost estimates and proposals, legal and consulting fees pertinent to the creation or development of the District;

4. Funding of capital reserve accounts or other improvement funds designated for upgrade or replacement of water, sewer, roads, traffic safety, or storm water drainage facilities.

~~5.—Approved operating costs for public infrastructure within the TIF District.~~

c. Impact of TIF District on Related Taxing Jurisdictions

In accordance with RSA 162-K10, tax revenues generated by the original assessed value (base value) of the TIF District will continue to accrue to the City's general fund, as well as to the Rochester School District, Stafford County, and the State of New Hampshire.

The captured assessed valuation that is created and retained within the District to fund TIF expenses is not included as part of the taxable valuation of the City when computing property tax rates. While all or a portion of captured assessed valuation may be retained by the District to fund internal public improvement costs for a period of time, the original taxable valuation within and outside the TIF remain available to all taxing jurisdictions. Consequently the assessed valuation and revenue base available to all taxing jurisdictions is not diminished as a result of forming the District.

During the operation of the TIF District, tax revenue from captured valuation that are not required to fund eligible expenses of the TIF Development Program will become available to all tax jurisdictions. Upon expiration of the TIF District, all incremental valuation that has been created within the TIF becomes available property tax revenues for the City's general fund and to all other taxing jurisdictions.

The estimated impact of tax increment financing on the assessed values of all other taxing jurisdictions within the City of Rochester is minimal, since:

- The proposed district contains 3.04% of the total assessed value of the City.
- The proposed improvements are designed to encourage commercial investment and lessen the residential tax burden. The effects of additional commercial development will benefit all taxing jurisdictions (municipal, school and county) in the long term since the proposed improvements will enable the commercial tax base to increase at a faster rate than could otherwise be achieved.
- Current Use Penalty will be collected in the same proportion and not be negatively affected by the TIF District. The possibility exists for faster-than-average development rates and faster-than-average collections of current use fees by the City.

6. Reimbursement of Previous City Expenditures

The City has invested in the predevelopment and planning of the Granite Ridge Development District in the form of legal and consulting costs for TIF District development, land capability analysis, environmental review of land capability, development potential, and estimates of infrastructure development costs. Prior investment by the City that is directly related to TIF land acquisition and public infrastructure development, planning and development-related consulting and legal costs shall be eligible to be reimbursed from TIF incremental revenues. The recovery of these past expenditures will be subordinate to the principal use of incremental revenues to fund current year debt service payments for infrastructure costs, and must be reviewed for eligibility by the Finance Director and City Attorney.

7. Operation and Maintenance

The City will be responsible for the operation and maintenance of all public facilities, including the cost of winter and summer maintenance of roads, bridges and street lighting, and the operation and maintenance of storm drains and catch basins, public water and public sewer utilities. The

cost of public water and sewer operations are offset by connection and user charges to individual properties served by these systems.

The Rochester Department of Public Works will complete an estimated budget of the proportional cost of operation and maintenance of road and drainage facilities to be budgeted against the incremental revenues of the TIF District, and to be borne by the incremental revenues of the TIF District while it is in operation. Budget estimates and actual expense will be reported to the District Administrator as requested, and be subject to the recommendations of the TIF Advisory Board and approval of the City Council as part of the annual budget process. The Public Works Department and the City Manager may propose ~~determine to~~ contracting for these services.

The City will own and maintain public improvements of water, sewer and road systems once accepted as meeting City standards. The planning, design and construction of all public improvements will be done with participation and approval of the City's Public Works Commissioner, or the City Engineer as assigned, to insure quality of capital improvements and minimal incremental maintenance costs.

The City may also establish capital reserve accounts for the replacement or upgrades of public infrastructure within the District using TIF incremental revenues.

Development Agreements

The City will establish Development Agreements with property owners and/or real estate developers prior to public improvements occurring in the Granite Ridge Development District.

Goals of the City in these Agreements will be:

- Contributions for the public infrastructure improvements.
- Adherence to the Granite Ridge Development Construction & Design Standards
- Participation in management and administration of the District
- Maximize development and commercial tax base
- Establish financial guarantees should development fall short of projections and adequate increment to meet bond payments is not collected.

Benefits to the Property Owners/Tenants:

- Significant investment in Public Infrastructure by the City.
- Use of the City's credit and bonding ability.
- Guarantee of quality standards in development and construction.
- City-owned infrastructure and maintenance.

E. District Administration

1. Administrator

The administrator of the Granite Ridge Development TIF District shall be the City Manager or designee, who shall make an annual financial report to the City Council.

§ 162-K:11 Annual Report.

The municipality's annual report shall contain a financial report for any development district in the municipality. The report shall include at least the following information: the amount and source of revenue of the district; the amount and purpose of expenditures, the amount of principal and interest on any outstanding bonded indebtedness, the original assessed value of the district, the captured assessed value retained by the district, the tax increments received and any additional information necessary to demonstrate compliance with the tax increment financing plan.

2. Advisory Board

In accordance with RSA 162-K: 14, the City Council shall pass a resolution which shall create an Advisory Board for the Granite Ridge Development District. A majority of the Advisory Board shall be owners or occupants of real property within or adjacent to the District. The same resolution shall incorporate provisions of 162-K: 14 and stipulate the powers and authority of the Advisory Board. The purpose of the Advisory Board shall be to review the policies and actions of the district administrator in the planning, construction and implementation of the Development Program and the operation of the District after the program is completed.

The Advisory Board shall have 30 days to appeal any decision of the district administrator to the City Council for review and appropriate action. The Advisory Board shall meet either as determined by the chair of the Board or the Mayor or the City Manager to examine operation and maintenance of the TIF District.

§ 162-K:14 Advisory Board.

I. The legislative body of the municipality shall create an advisory board for each development district. The board shall consist of such number of members appointed or elected as determined by the legislative body. A majority of members shall be owners or occupants of real property within or adjacent to the development district. In a substantially residential development district, however, the board shall consist solely of owners or occupants of real property within or adjacent to the district.

II. The advisory board shall advise the governing body and district administrator on planning, construction and implementation of the development program and on maintenance and operation of the district after the program has been completed.

III. The governing body shall by resolution delineate the respective powers and duties of the advisory board and the planning staff or agency. The resolution shall establish reasonable time limits for consultation by the advisory board on the phases of the development program, and provide a mechanism for appealing to the governing body for a final decision when conflicts arise between the advisory board and the planning staff or agency, regarding the development program in its initial and subsequent stages.

The Advisory Board shall consist of five (5) members, two (2) of which members shall be the Chair or Designee of the Rochester Economic Development Commission and a designee of the Mayor. RSA 162-K:4 requires that a majority of the Advisory Board members be owners or occupants of real property within the district. Three (3) members who represent owners or occupants of the TIF District shall be appointed for a term of three (3) years with vacancies being filled by the City Council for any unexpired terms. The initial appointments will have staggered term expirations. Should the owner or occupant status of an appointed Advisory Board member change, the member will resign from the position on the Board.

The City Manager or designee will serve as District Administrator and will be an ex-officio member of the Advisory Board.

The Granite Ridge Development TIF District Advisory Board shall perform the following functions:

- (1) Meet annually or as scheduled by the District Administrator, not more than quarterly.
- (2) Review compliance with the adopted Granite Ridge TIF District Financing and Development Plan.
- (3) Review the Annual Report with the financial data as required by RSA 162-K:11, and make a report to the Rochester City Council.
- (4) Review and consult with the District Administrator regarding maintenance, operations, construction and development within the TIF District.
- (5) Make recommendations to the City Council in the event of changes to legislation, or should modification to the TIF District Financing and Development Plan be suggested.

3. Amendments

Amendments to the boundaries of the TIF District, the Development Program or Financing Plan shall be undertaken in accordance with the public hearing process set forth within RSA 162-K:4, including its requirements for reasonable notification to the Rochester School District and Strafford County, in accordance with RSA 162-K:9.

4. Duration of Program

The Granite Ridge Development Tax Increment Financing District will remain in existence until all eligible public expenditures of the District have been repaid through tax increment revenues, the debt service retired and exit strategies implemented for ongoing care and maintenance of public infrastructure.

DEVELOPMENT AGREEMENT

BETWEEN

CITY OF ROCHESTER, NEW HAMPSHIRE

AND

DEMOULAS SUPER MARKETS, INC.

RE: CITY WATER AND SEWER LINE EXTENSIONS

This Agreement is made and entered into this _____ day of _____ 2014, by and between the **CITY OF ROCHESTER, NEW HAMPSHIRE**, a municipal corporation with a place of business at 31 Wakefield Street, Rochester, New Hampshire 03867 (hereinafter referred to as the "City"), and **DEMOULAS SUPERMARKETS, INC.**, a Massachusetts corporation with a principal place of business at 875 East Street, Tewksbury, Massachusetts (hereinafter referred to as "Demoulas") (the City and Demoulas being hereinafter sometimes collectively referred to as the "Parties"), to wit:

R E C I T A L S:

WHEREAS, it is the desire and intent of the City to encourage economic development that will increase employment and expand and improve the commercial and residential real estate tax bases of the City; and

WHEREAS, in October 2006, the City adopted the Master Plan Chapter related to Strategic Economic Development, which plan prioritizes municipal infrastructure investment to support development and expansion of industrial and commercial properties in the community; and

WHEREAS, the City believes that the expansion of the municipal water and sewer systems will enhance efforts to attract business and industry and is in the vital, and best, interests of the City and its residents and taxpayers; and

WHEREAS, Demoulas, and others, have petitioned and requested that the City extend its public water and/or sewer mains to service the areas in the vicinity of the intersection of the Salmon Falls Road with the Milton Road a/k/a NH Rte. 125 in a general northerly direction from the current termini of such utilities in the said Milton Road a/k/a NH Rte. 125, and from such termini in the vicinity of the so-called Woodland Green Condominium development on Salmon Falls Road, to a point at and/or near the approximate intersection of such public highways; and

WHEREAS, Demoulas is the owner of a of a parcel of land (Rochester Tax Map 210, Lot 24), known as 96 Milton Road, Rochester, New Hampshire, consisting of an approximately thirty-two (32) acre lot, with an existing approximately 100,000 square foot shopping center and associated parking

located thereon, which parcel and any proposed additional development thereon (along with all necessary and/or required utility plans and specifications related thereto) the general nature or possibility of which has been disclosed to the City prior to the initiation the so-called "engineering phase" of the Project (as defined below), as provided for in Section One below below, would be serviced by the extensions (the "Demoulas' Property"); and

WHEREAS, other residential and commercial lots are located adjacent to the so-called Salmon Falls Road and the so-called Milton Road a/k/a NH Rte. 125; and

WHEREAS, the nature and scope of the extensions referred to in the three (3) paragraphs immediately above is more particularly described in **Exhibit A** (Overview of Proposed Extensions) annexed hereto, and the scope of the undertaking reflected in such **Exhibit A**, including any authorized and approved changes and/or refinements thereto, are hereinafter referred to as the "Project", and the water and sewer line extensions, and/or new construction of same, contemplated by the Project are hereinafter referred to as the "Extensions"; and

WHEREAS, the City has invested considerable time and time and resources in, and filed an application with the United States Economic Development Administration Public Works Infrastructure Grant Program (the US EDA) designed to obtain federal project funds for the Project, with the understanding that such grant, if awarded, would require so-called local "matching funds", in an amount equal to the federal funds grant; and

WHEREAS, the City has successfully been awarded a grant by the United States Economic Development Administration Public Works Infrastructure Grant Program in the amount of One Million Nine Hundred Forty-Six Thousand One Hundred Dollars (\$1,946,100.00) (the "US EDA Grant"), which US EDA Grant requires matching funds in the amount of One Million Nine Hundred Forty-Six Thousand One Hundred Dollars (\$1,946,100.00) for the Project; and

WHEREAS, the matching funds, as provided for in the US EDA Grant application, are to be obtained from a Nine Hundred Forty-Six Thousand One Hundred Dollars (\$946,100.00) appropriation, by the City, of Economic Development and other City General Funds (which appropriation was made by the Mayor and City Council on April 6, 2013) and private contributions/donations to the City in the total amount of One Million Dollars (\$1,000,000.00) for the Project; and

WHEREAS, the aforementioned private contributions/donations to the City in the total amount of One Million Dollars (\$1,000,000.00) were to be made to the City in the form of two (2) contributions/donations, in the amount of Five Hundred Thousand Dollars (\$500,000.00) each; and

WHEREAS, Demoulas has agreed to contribute/donate, to the City, the sum of Five Hundred Thousand Dollars (\$500,000.00) toward the costs associated with the Project and the Extensions contemplated thereby, as part of the required local grant match in accordance with the terms and conditions of this Agreement; and

WHEREAS, the sources of the "matching funds" for the Project, and the Extensions

contemplated thereby, are collectively, including the funds from the City, Demoulas and the other private entity referred to above, are hereinafter referred to as the "Grant"; and

WHEREAS, Demoulas has agreed to enter into this Agreement to contribute/donate, to the City in connection with the Grant, the sum of Five Hundred Thousand Dollars (\$500,000.00) toward the costs associated with the Project, and the Extensions contemplated therein, in order to memorialize the nature and the extent of its obligations with regard to its contribution/donation, as well as to specify the City's obligations with respect to the Project, and the Extensions contemplated therein:

NOW THEREFORE, in consideration of the above Recitals, and of the terms and covenants of this Agreement, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION ONE

Work to be Performed

The City will cause to be done the necessary engineering and preparation of plans and specifications (hereinafter the "Plans") for the construction of the Extensions (the "engineering phase"). The Plans shall be subject to approval by the City, and shall also be subject to the review and acceptance of Demoulas, to be granted upon Demoulas and their consultant's determination that the Plans and Extensions will adequately accommodate the existing Demoulas Property and any Proposed Additional Development thereon. Such acceptance is not to be unduly withheld or delayed. The Extensions will in every respect be designed and constructed in accordance with the standards of, and shall be subject to, and built only upon, receipt of all necessary permits from the City of Rochester, State of New Hampshire and any other applicable necessary and/or required governmental agencies or authorities. It is acknowledged and agreed that, at a minimum, the City shall construct the Extensions so that they shall extend to the property line of the Demoulas Property, and the parties shall work together to ensure that the Extensions are constructed at the lowest possible depth and location achievable within the approved Project Budget of Three Million Eight Hundred Ninety-Two Thousand Two Hundred Dollars (\$3,892, 200,00) while satisfying the long-term maintenance needs and financial and other constraints of the City (a determination which shall be made at the sole discretion of the City, and which shall not be unreasonably made).

SECTION TWO

Submission of Plans to Bids/Acceptance Thereof/Construction

The City will submit the Plans referred to in the preceding paragraph for construction of the Extensions to bid by competent contractors, and shall award a contract for construction to the best qualified bidder(s). Regardless of whom or how the aforesaid Plans are submitted to bid, or of to whom the bid(s) is/are awarded, no Plans for the Extensions shall be approved without the review and comment of Demoulas and approval of the City and of any and all other necessary, and/or required, governmental authorities. Once the contract(s) for construction of the Project has/have been awarded the City, acting through its agents shall construct the Project according to

the Plans, including any authorized and approved changes and/or refinements thereto.

SECTION THREE

Responsibilities of Demoulas

Demoulas' responsibilities pursuant to this Agreement shall be as follows:

1. Subject to and conditioned upon the Funding Conditions (as defined below), Demoulas agrees to donate/contribute the sum of Five Hundred Thousand Dollars (\$500,000.00) to the City for the payment of costs and/or expenses associated with the Project, including, but not limited to, costs and expenses for design and construction of the same in the manner set forth in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, Demoulas's obligation to provide funds for the Project is expressly conditioned upon the prior satisfaction of the following conditions (collectively, the "Funding Conditions"):

- (a) All Grant funds having been committed to the City, with any and all funding requirements having been satisfied by the City.
- (b) Demoulas and its consultants having worked with the City and its engineers and consultants to confirm that the design(s) reflected in the Plans (including pipe sizing and location) will adequately accommodate the Demoulas Property and any Proposed Additional Development (as identified by Demoulas at the start of the engineering phase of the Project) thereon.
- (c) With the exception of an initial \$25,000 payment, which amount the City shall immediately refund to Demoulas in the event that the Grant funds are withdrawn and/or the Project does not proceed for any reason, Demoulas shall disburse no funds until construction of the Project has commenced.
- (d) To the extent Demoulas chooses to pursue additional development within the Demoulas Property (such additional development to include, without limitation, expansion of the existing Market Basket store, reconfiguration of existing vacant space, and/or additional outparcel development), the City shall support and assist Demoulas with obtaining any required approvals for such Proposed Additional Development (Demoulas recognizes, however, that such support and/or assistance in no way assures approval of any Proposed Additional Development plan by the Rochester Planning Board and/or any other relevant and/or applicable governmental regulatory authority having jurisdiction over such Proposed Additional Development, whether local, state and/or federal).

2. Subject to and conditioned upon the Funding Conditions, Demoulas will make such donation/contribution to the City in the total of Five Hundred Thousand Dollars (\$500,000.00),

by making payment of four (4) installments, at such times and in such amounts, as specified in **Exhibit B** annexed hereto. In the event the Grant funds are withdrawn and/or the Project is not completed for any reason, any funds disbursed by Demoulas shall be immediately reimbursed by the City.

3. Demoulas shall immediately notify the City of any event regarding its financial condition which would, in Demoulas's reasonable judgment, imperil its ability to make payments due pursuant to this Agreement.

4. Should Demoulas fail to make any payment due pursuant to this Agreement within thirty (30) days of written notice of its failure to make such payment when due, the City may, at its sole discretion, require Demoulas to provide adequate security for any remaining unpaid balance of Demoulas' contribution/donation to the City with respect to the Project in connection with the Extensions. Such security shall be in a form acceptable to the City and may include, at Demoulas sole option, establishment of an escrow account for the remaining balance, a mortgage, or mortgages, upon real property owned by the Company, issuance of a letter of credit, or such alternative security as is mutually acceptable to the parties.

5. In accordance with the provisions of Chapters 16 and 17 of the General Ordinances of the City of Rochester, as the same currently exist, or as the same may hereinafter be amended, Demoulas shall, within twelve (12) months of completion of the Project, or such longer time as it may be necessary for Demoulas to complete any additional development within the Demoulas Property, and at no cost to the City, connect its 96 Milton Road development, and any additions, enhancements and or improvements thereto, to the City's public water and sewer systems.

SECTION FOUR

Responsibilities of the City

The City, on August 6, 2013, adopted a Resolution, a copy of which is attached as **Exhibit C**, which resolution, by this reference, is incorporated into this Agreement, and the City's responsibilities pursuant to this Agreement shall be as follows:

1. To administer the funds from the Grant to complete the Project and the Extensions contemplated therein, in a manner consistent with the terms of the US EDA Grant and the terms of this Agreement.

2. To provide to Demoulas with regular reports regarding the progress of the Project, which shall include design and construction updates, as well as copies of financial statements provided to the US EDA pursuant to the US EDA Grant requirements.

SECTION FIVE

Additional Terms and Covenants

1. This Agreement shall be governed and construed in accordance with the laws of the State of New Hampshire.

2. If any term or provision of this Agreement is held to be invalid or unenforceable, to any extent, the remainder of this Agreement shall continue to be fully valid and enforceable, unless such invalidity and/or unenforceability shall render the Project with a total amount of available, committed and appropriated funds of less than Three Million Eight Hundred Ninety-Two Thousand Two Hundred Dollars (\$3,892,200.00), in which event the City, at its sole discretion, reserves the right to determine whether to proceed with the Project, provided that the funding conditions shall remain in effect with respect to any Demoulas funding obligations.

3. Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if evidenced in a writing signed by each party, or by an authorized representative of each party.

4. Notices, demands, consents, approvals or other instruments required, or permitted, by this Agreement, shall be in writing and shall be executed by the party or an officer, agent, attorney of the party, and shall be deemed to have been effective as to the date of actual delivery, if delivered personally, or as of the third day from and including the date on which it is mailed by registered or certified mail, return receipt requested, with postage prepaid addressed as follows:

To Company: Mr. Donald T. Mulligan, VP & Treasurer
 Demoulas Super Markets, Inc.
 c/o D.S.M. Realty
 875 East Street
 Tewksbury, MA 01876

To City: Mr. Daniel W. Fitzpatrick, City Manager
 City of Rochester
 31 Wakefield Street
 Rochester, NH 03867

5. Delays by Demoulas or City in performing its obligations hereunder due to acts of God or belligerent powers, strikes, floods, fires, explosions, wars, differences with workers, delays in transportation or accidents to construction, military arrest or restraints, acts, demands or requirements of the United States or any state or territory thereof, or any governmental subdivision thereof, or due to any other causes whatsoever, whether similar or dissimilar to those above enumerated which are beyond Demoulas' or City's control and not resulting from Demoulas' or City's fault shall cause an automatic extension of the starting dates for the period attributable to any

such cause. The affect component of this Agreement shall be deemed suspended for so long as its extension is prevented or delayed by such cause.

6. In event of a default under this Agreement by either party hereto which default is not cured within thirty (30) days of the date of receipt of written notice to the defaulting party specifying that said party has failed to perform a particular written obligation, the other party shall have the right, but not the obligation, to terminate this Agreement, and shall have an action for damages or, in the event damages would not fairly compensate the non-defaulting party shall have such other equity rights and remedies as are available at law or in equity.

IN WITNESS WHEREOF, each party to this Agreement has caused it to be executed at Rochester, New Hampshire on the date first above written.

CITY OF ROCHESTER

DEMOULAS SUPER MARKETS, INC.

By: _____
Daniel W. Fitzpatrick, City Manager,
Duly Authorized

By: _____
Donald T. Mulligan, V.P. & Treasurer,
Duly Authorized

APPROVED AS TO FORM::

Danford J. Wensley, City Attorney

STATE OF NEW HAMPSHIRE
COUNTY OF STRAFFORD

On the __ day of _____, 2014, personally appeared the above named Daniel W. Fitzpatrick, duly authorized City Manager of the City of Rochester, NH, known to me to be the person whose name is subscribed to the above Agreement and, being first duly sworn, made oath that the facts contained therein are true and accurate to the best of his knowledge and belief.

Notary Public/Justice of the Peace
My Commission Expires: _____
—

STATE OF NEW HAMPSHIRE
COUNTY OF STRAFFORD

On the __ day of _____, 2014, personally appeared the above named Donald T. Mulligan, duly authorized VP & Treasurer, of Dernoulas Supermarkets, Inc., known to me to be the person whose name is subscribed to the above Agreement and, being first duly sworn, made oath that the facts contained therein are true and accurate to the best of his knowledge and belief.

Notary Public/Justice of the Peace
My Commission Expires: _____

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EXHIBIT A

to

DEVELOPMENT AGREEMENT

BETWEEN

CITY OF ROCHESTER, NEW HAMPSHIRE

AND

DEMOULAS SUPER MARKETS, INC.

RE: CITY WATER AND SEWER LINE EXTENSIONS

OVERVIEW OF PROPOSED EXTENSIONS

The proposed sewer infrastructure will be constructed from the Salmon Falls Road Pump Station to the intersection of Milton Road and Salmon Falls Road. The construction will then continue .3 miles south to Rochester Market Place at 96 Milton Road (Market Basket) where the sewer line will terminate.

The proposed water main expansion will extend from the intersection of Woodland Green and Salmon Falls Road north to the intersection of Milton Road (New Hampshire Route 25). The water expansion involves three types of upgrades/construction. The first, on Salmon Falls from Woodland to Autumn, will involve the upgrade of an existing 6-inch main to a 10-inch main. The second, on Salmon Falls from Autumn to Flat Rock Bridge Road, is the construction of a new 10-inch water main. The third, from Flat Rick Bridge to Milton, is an upgrade from an existing 6-inch main to a 10-inch main.

EXHIBIT B

to

DEVELOPMENT AGREEMENT

BETWEEN

CITY OF ROCHESTER, NEW HAMPSHIRE

AND

DEMOULAS SUPER MARKETS, INC.

RE: CITY WATER AND SEWER LINE EXTENSIONS

CONTRIBUTION/DONATION PAYMENT SCHEDULE

PAYMENT SCHEDULE

1. Commencement of Engineering	\$25,000
2. Commencement of Construction	\$100,000
3. Construction is 50% Complete	\$250,000
4. Final Completion or Demoulas Connection to Sewer (whichever comes first)	\$125,000
TOTAL	\$500,000

EXHIBIT C

to

DEVELOPMENT AGREEMENT

BETWEEN

CITY OF ROCHESTER, NEW HAMPSHIRE

AND

DEMOULAS SUPER MARKETS, INC.

RE: CITY WATER AND SEWER LINE EXTENSIONS