

ECONOMIC DEVELOPMENT COMMITTEE MEETING

November 4, 1992

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MEMBERS PRESENT: Vice-chairman Barbara Jackson; members Paul Kimball, Bob Murphy, Mike Toomey, Bill Wiebe, Joan Lovering, Andy Milligan, Sharon Severy

ABSENT: Bob Grott, Bob Garland, Eric Piper, Tim Sullivan

GUEST: Gerald Coogan, Mount Washington Valley Economic Council
Amanda Simpson, Town Planner

Barbara Jackson called the meeting to order at 7:30 a.m. in the First New Hampshire Bank Conference Room. Shirley Ganem was present at the start of the meeting but had to leave very shortly after that.

Gerald Coogan of North Conway had come to speak on forming an Industrial Development Authority. He started by saying that this was permitted under RSA 162J, but actually it was mostly cities that had done so. He thought that it was less cumbersome to establish a Non-Profit Development Corporation, because under that type of organization a public hearing was not required at every step of the way. The Office of State Planning has funds under their Community Development Block Grant Program which the Town can apply for and the Non-Profit Development Corporation administer.

Coogan explained that in Conway the Town had established a non-profit development corporation in 1984-85, and these funds had been very helpful in keeping local businesses afloat in the past year when banks were not lending money. He also suggested involving other communities in the development corporation, like Tuftonboro, or Wakefield, where Wolfeboro residents may work. Conway assists businesses in other towns where there is a regional impact.

There is a Mt. Washington Valley Economic Council. It is a tax exempt organization which can accept gifts, apply for funds, needs no one's approval to buy or sell land, and doesn't have to wait for Town Meeting votes or public hearings. It is much quicker and more flexible.

In response to question about the makeup of the Mt. Washington Valley Board, Coogan said that it was a public-private partnership with about 25 members on the Board. 12 or 13 are local officials. Twelve communities are included, including two in Maine, and each one appoints one representative to the Board. The board of directors also includes people like the school superintendent, hospital administrator, and other community reps. But it should have a direct tie to the town government, which should be the creator of the authority. They should work very closely.

In creating an industrial authority, you first need to decide what your goals are: to increase the tax base, to create new jobs, to bring in light manufacturing, non-polluting light manufacturing. If Wolfeboro wants to be competitive, we must figure out what's unique and what's different. What is our product? Why would it make sense for business to come to Wolfeboro or expand here? What tools do we need-- financing, or the ability to lease

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or sell property?

He said Mt. Washington Valley's first goal was job retention, or retention of existing manufacturers. They did a Business Visitation Program and tried to respond to the expressed needs. Coogan pointed out that any new business that was thinking of locating in town would be sure to call and talk with existing businesses, so it made sense to keep them happy. And it makes sense to keep the whole region a business-friendly area. Some areas put this into their planning department, and have a Planning and Developing Director. That's another direction to go.

Financing and being a source of financing information is an important function too. Coogan said there were many sources of funds and information. His listing of these is attached to these minutes.

He recommended that the first step should be a memorandum of agreement between town government and the Authority, describing how they would work together. A time-consuming process is acquiring the non-profit status (501 C,3) which can take up to a year. In response to a question about how the Industrial Authority is staffed (paid or volunteers) Coogan explained that North Conway got some funding for a planning grant from Farmers' Home Administration for a start. Several members of the board of directors provided office space and some support. They also work with the Chamber of Commerce. Small Business Association and SCORE are very helpful. He especially recommended Bob Ambrust of SCORE (right up the road).

You need to figure out what you want to encourage, and what you want to be. Environment-related businesses seemed a natural for Conway, like sportswear outlets or manufacturers, hiking gear, mountain climbing, a recycling company. That's probably appropriate for Wolfeboro too. EDC members agreed that they had spent a lot of time trying to decide what to encourage in Wolfeboro. And actually many residents were not convinced that they wanted any development at all.

Coogan said that in his experience businesses like to network, and be with like businesses. They have tried to get them together in Conway so they can perhaps share information, vendors, suppliers, etc. He said that at one time Conway had an area called Mill Street, with about 1000 jobs--that was where the Carroll Reed Distribution facility was, and a kitchen cabinet manufacturer, and Kearsarge Metallurgical, but unfortunately that turned out to be a hazardous waste site which they've been trying to clean up ever since. Now that area is down to only about 14 employees. They're working on developing some industrial land, either publicly or privately owned, and zoned properly, so when business comes there's something available to offer.

In summary Coogan said he felt it was important to have a vision, know what you want to do, and have a product you want to sell--like quality of life, available land (publicly owned is best), a community that says we want non-polluting light industry. You need to have the tools in

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place--financing tools, a non-profit authority. There needs to be someone to talk to. Where there is existing industry is a logical place to encourage new industry. Coogan feels that having water and sewer available is a great plus for development. He cited the town of Littleton, which started an industrial park back in 1974 with really bad access, but now they're building a new access from the Interstate. The park is now filled and employing 500 people, and they've added more property. It's been a long-term process.

Coogan showed a promotion piece which has been prepared for his area, which they give out at trade shows, and which they feel has been very worthwhile. He talked about a "mailbox economy" in which an active retiring couple is encouraged to relocate to a community, bringing their resources and spending money. Health care is one of the fastest growing industries. It was pointed out that 25% of Wolfeboro's population is over 65.

Coogan suggested the group focus on two aims to accomplish: get some more industrial land established that is quickly available; and promote Wolfeboro as a place that is open for light, non-polluting industry and has a receptive Town government.

Where can development money come from? Maybe you have to sell the need at Town Meeting, and get the money appropriated. When Littleton did this to get money in the 70s for feasibility studies, the appropriation passed at Town Meeting by just 1 vote!

The group discussed the property that might be available near the Town property on 109A. There are large parcels owned by Ed Zulauf, and by the Land Bank which could be developed. If the Industrial Authority owned them, leases could be arranged that could provide incentives for industry. And matching funds are available for the land purchase and development from the Federal Economic Development Administration which is part of the Department of Commerce, according to the speaker. He recommended taking an overall look at property available in different areas of town, and then rating them very rationally to decide where the priority land was that should be developed first.

There was a question about site plan review regulations, which could protect the "look" of the Town, and the Planner pointed out that Wolfeboro had no design criteria or landscaping requirements except for parking.

MARKETING COMMITTEE REPORT

Bob Murphy reported that he had still been unable to get approval to place their sign on the State right of way. He plans to call Ray Burton and see if he can help.

INDUSTRIAL AUTHORITY

The discussion immediately went back to this subject, which the EDC has

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been discussing for more than a year and making little headway. We need a plan. We have rehashed that and set up little committees and we're right where we started. We've been talking about the availability of that Town land for a year. How can we get going?

- * Get on the agenda for the next Selectmen's meeting and enlist their help.
- * The non-profit corporation needs to be established, and apply for non-profit status.
- * In the meantime, the Town needs to vote to transfer title of that land to this public-private corporation.

ROUTE 28 COMMITTEE PROPOSAL

Chairman Barbara Jackson reported that it is impossible to get the money needed to put this together for this year, or the time.

A motion was made and seconded to accept private funding to pay for this work, but it did not pass. The decision was that this should be voted by the Route 28 Committee, not the EDC.

Speaking for the Route 28 Committee, Paul Kimball stated that their proposed zoning changes would protect the gateway into Town, and if nothing is done to have an amendment ready for Town Meeting something undesirable will be petitioned, and passed.

Discussion got back to setting up an Industrial Authority and Bob Murphy reminded the group that they had agreed at the October 14 meeting that the present Economic Development Committee should incorporate to form such a non-profit corporation. Was this ever formally approved? No.

Bob Murphy moved that the Economic Development Committee as it currently exists or might exist in the future, incorporate to form a non-profit development corporation representing the Town. Tony Triolo seconded the motion, adding that the Board of Directors should include representative of Town government, like Selectmen, Planning Board, etc. This motion passed unanimously.

On a motion by Tony Triolo, seconded by Bob Murphy, the Committee voted to meet every Wednesday morning and really get working.

The meeting was adjourned.

Respectfully submitted,

Rosemary Actander
Secretary

Due to the holiday, the next meeting will be Wednesday, November 18.

**SOURCES OF FINANCIAL ASSISTANCE
FOR BUSINESSES IN**

THE MT. WASHINGTON VALLEY AND WESTERN MAINE AREA

A major role for local government in the business assistance area is to provide information about these programs to area businesses. New Hampshire law and the State Constitution do not enable municipalities to use municipal or State funds raised by taxes to loan or give to for-profit businesses; however, New Hampshire cities are enabled to establish Industrial Development Authorities which can issue tax-exempt bonds to the extent permitted by the U.S. Internal Revenue Service and the New Hampshire Industrial Development Authority. Thus, the only source of funds that towns can use are gifts from foundations, bequests or other private sources and federal funds.

Maine towns and state agencies have greater flexibility in the use of state and local funds to assist with economic development. There are also a greater variety of programs available through the Finance Authority of Maine (FAME) (207-623-3263). The Androscoggin Valley Council of Governments (AVCOG) in August (207-783-9186) also has a wider variety of programs than is found in any one organization that serves New Hampshire.

The limits on the ability of New Hampshire towns to provide economic development assistance is the most important reason that towns have established non-profit development corporations like the Mt. Washington Valley Economic Council. These organizations can receive private gifts as tax deductions to the giver and are eligible to receive and administer federal funds either with or without the approval of the Board of Selectmen (for some programs) or the Town Meeting; they have administrative flexibility and a level of confidentiality not often obtainable within town government.

The original source of money for the Conway Revolving Loan Fund was a \$350,000 Community Development Block Grant. The Town has since relented over \$300,000 to other business, many of which needed short-term financing. This financial assistance has saved local jobs. The Conway Revolving Loan Fund (603-447-3811) can provide businesses in Conway and nearby New Hampshire towns with loans for amounts between \$5,000 and \$150,000 under certain conditions.

The primary source of federal funds currently available to local development corporations in New Hampshire (through their town

government) is the Community Development Block Grant program, administered by the N.H. Office of State Planning, (603 271-2155). Both State and Federal rules encourage the establishment of revolving loan funds to be administered by the local development corporation on behalf of the town. Under the State's program rules, this is the highest scoring economic development activity that a town can undertake. The local development corporation then lends these funds to businesses on behalf of the town.

The NH CDBG economic development grant program has three significant requirements: 1) that over 51% of the jobs to be created (or saved) will be held by people from low or moderate income households; 2) that there be at least five new jobs; and 3) that no more than one-third of the money needed to undertake the development project will come from CDBG funds. There are also three important guidelines for applicants to follow: 1) that the Town not apply for more than \$10,000 per job to be created; 2) that the Town lend at least 90% of this money at or near market interest rates to the business that will add or save the jobs; and 3) that the jobs will be full-time and year-round, offer competitive wages, and provide benefits and training opportunities.

There is a great deal of flexibility in other loan terms. It is also attractive to the Town (or the local development corporation), for as the loan is repaid, they will have money to relend to new borrowers. The Town of Conway's revolving loan program also operates in this manner. The Town is identifying additional loan applications so it can attract additional CDBG funds into its loan program. Businesses in towns around Fryeburg can apply directly to the Revolving Loan Fund operated by AVCOG or can apply through their town for a loan from the Office of Community Development's Revolving Loan Fund.

There are other important federal programs to assist business. The U.S. Small Business Administration (SBA) offers a loan guarantee program through participation with several area banks and lending institutions in New Hampshire and Maine.

There is also the SBA 504 loan program which is operated by the Northern Community Investment Corporation (NCIC) in St. Johnsbury, VT (802-748-5101) and serves business in Carroll County. The same program is available to Maine businesses through AVCOG. The SBA 504 program is designed to work in coordination with a CDBG revolving loan program and bank financing. The NCIC and AVCOG also have other revolving loan programs for which certain kinds of businesses are eligible and which can be used in coordination with a CDBG revolving loan, bank financing and SBA programs. NCIC usually makes loans in the \$50,000 to \$200,000 range. It also offers an SBA guarantee program and has an equity investment program. AVCOG makes loans up to \$150,000.

The SBA can loan money to local development corporations for them to relend to businesses. It is most likely that NCIC will continue to receive these funds to operate this regional program in

northern New Hampshire. There is a similar SBA program in Maine. Detailed information on SBA programs can be obtained from a participating bank or from the SBA offices in Concord (603-225-1400) or in Augusta (207-622-8378). All of the loan programs described above offer loans at interest rates near those levels found at banks. Some are often more flexible in terms of the timing of repayments. All can help make the total package more attractive for bank participation.

The Farmer's Home Administration (FmHA) has a Business and Industry Loan Guarantee Program which offers guarantees to those businesses needing loans from banks that exceed the limits of SBA or are businesses that are too big in size for the SBA program. The FmHA is also in the process of establishing a regional revolving loan program in New Hampshire. It is not yet clear what organization will operate this program in Carroll County. AVCOG operates this program in Maine. Information on these programs is available from the FmHA state office in Montpelier, VT (802-828-4472) for New Hampshire business or the Bangor office (207-947-0334) for Maine businesses.

The Economic Development Administration (EDA) also has a loan guarantee program that is used primarily by businesses located in communities larger in population than FmHA is permitted to operate its loan guarantee program in. Thus, the EDA is an unlikely source for business loan guarantees for Conway area businesses at this time. AVCOG does operate an EDA funded revolving loan program.

In February, 1992, the New Hampshire Business Development Corporation (NHBDC) (603-644-3140) was reincorporated and received a transfer of funds from the New Hampshire Industrial Development Authority by the State legislature. The NHBDC specializes in loans to small businesses using its own funds. It is currently evaluating the possibility of creating a small business investment company (SBIC) which could take equity positions in small, emerging businesses and in reestablishing its pooled bank loan program. The NHBDC is located in Manchester. The Finance Authority of Maine (FAME) in Augusta (207-289-2183) offers similar programs to Maine businesses.

The New Hampshire Community Development Finance Authority operates a small business revolving loan program and also makes loans to local housing trusts and cooperatives for purchasing and improving affordable housing. It may become a source of loan funds to local development corporations as it continues to grow. This State program is currently located at the Hooksett campus of New Hampshire College (603-644-3140). FAME has similar programs for Maine businesses.

The New Hampshire Business Finance Authority (BFA) (603-271-2391), the former Industrial Development Authority, can guarantee up to 90% of loans to small businesses which exceed the SBA restriction of \$750,000. To ensure direct support of small businesses, the BFA cannot exceed loan amounts of \$1.5 million.

This program dovetails with SBA efforts to assist businesses with strong repayment records but which suffer from declining collateral values.

BFA will make low interest loans to small businesses which have been effectively excluded from such financing in the past. The bill authorizes BFA to make loans (not exceeding \$2 million per borrower) and to hold or "warehouse" such loans until the loans can be "bundled" together and resold to BFA's traditional bond purchasers. The "composite" bonds which are sold to traditional BFA customers may be either taxable or pay interest which is exempt.

A source of money for large New Hampshire businesses needing large loans is the New Hampshire Retirement System (603-271-3351). The Retirement System is able to use a portion of its assets for loans and equity investments in large companies with good credit ratings.

Two specialized business loan programs intended for very small businesses are: 1) the Job Start Program, administered by the North Country Council in Littleton (603-444-6303) in New Hampshire and AVCOG in Maine which loans money to very small businesses that are increasing employment; and 2) the relatively new peer group loan program offered in cooperation with local banks called Working Capital.

Under almost all of these programs, at least one-third of the money in any proposed development will need to come from either equity sources, banks or other private financing.

Small businesses are often in need of additional equity investment in order to obtain bank financing, loans or BFA/SBA guarantees. There are two matchmaking programs available to area businesses: 1) the Venture Capital Network, administered by the Massachusetts Institute of Technology (617-253-7163) which serves primarily New England businesses and investors; and 2) McGladrey and Pullen, offered through Smith, Batchelder and Rugg of Lebanon, NH (603-448-6500) which is a national program. The largest venture capital fund in northern New England is the North Atlantic Capital Corporation with offices in Manchester (603-644-8110) and Portland (207-772-4470).

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