

Hanover Advisory Committee
550 Hanover Street
Hanover, MA 02339
Meeting Minutes
Thursday, May 11, 2017 – 6:30 pm
Advisory Committee Hearing Room
Hanover Town Hall

Opening:

The meeting was opened at 6:32 pm by Edward Hickey, Chairman.

Committee Attendees:

Edward Hickey
Wayne Moores
Angela Blanchard
Jerry O’Hearn
Gavin Little-Gill
Joan Port-Farwell
Brandon Freeman
Sandra Hayes

Other Attendees:

Anthony Marino, Assistant Town Manager
Chelsea Stevens, Acting Finance Director
Emmanuel Dockter, Board of Selectmen

Review of Meeting Minutes

Angela Blanchard made a motion to accept the minutes from April 26th as written. This was seconded by Wayne Moores. Gavin Little-Gill abstained from this vote. All other Committee members were in favor, and the motion passed. Wayne Moores made a motion to accept the minutes from May 1st as written. This was seconded by Sandra Hayes. Gavin Little-Gill and Angela Blanchard abstained from this vote. All other Committee members were in favor, and the motion passed.

Review of Annual Town Meeting

The Committee discussed their thoughts on the Annual Town Meeting held on Monday, May 1st. All Committee members agreed that getting financial warrant articles sooner from the Board of Selectmen would help with their review process next year. Selectmen Emmanuel Dockter stated that he believes the Board of Selectmen will be discussing ideas to achieve that goal once the Special Town Meeting on June 19th is completed.

Discussion Regarding Proposed TIF Agreement for the Hanover Mall

The Committee discussed details of the proposed TIF Agreement including a list of questions that had been answered for them, a list of proposed retailers, expectations of Hanover residents and the benefits/drawbacks of the agreement. The Committee expressed disappointment that their questions weren’t answered with more details and specifics. The Committee members would like more high end retailers added to the mall and is hearing residents in the town asking for and expecting higher end retailers. Chairman Ted Hickey stated that the Town has little say over what tenants the mall owners choose to rent to, and it is unlikely the Hanover Mall will become a Class A mall such as Derby Street in Hingham. Tony Marino confirmed that although the Town has oversight on the renovations and aesthetic of the designs of the new mall, they have no control over tenant decisions. Mr. Marino also stated that with the additional 4 million in funds from the TIF agreement, he believes the mall owners will be in a better position to attract higher end retailers.

The Committee believes that if the Town approves the TIF agreement, residents will expect some level of assurances that the mall will improved drastically. Brandon Freeman stated that he would like more information regarding possible outcomes should the agreement be approved. Mr. Freeman also stated that the Committee and Town need to make the best possible decision regarding the mall or any proposed retail developments to maximize the financial benefits for the residents; however, ultimately the Town has little control over the success or failure of the mall. Chairman Ted Hickey stated that the only major benefit he sees for the Town is the TIF agreement ensures the value of the mall property will not decrease during the construction period. Gavin Little-Gill would like more detailed tax assessment figures with the TIF or without the TIF. Mr. Little-Gill would also like some information on comparable mall locations that have utilized TIF agreements and the outcomes of those projects. Tony Marino stated he will obtain that information. The Committee briefly discussed the process by which the mall taxes will be granted an exemption if the TIF agreement is approved. Joan Port-Farwell stated that this process can be thoroughly explained by the Hanover Assessor. The Committee will be meeting next week with the Town of Hanover Assessor Robert Cole and look forward to benefiting from his tax expertise in relation to the TIF agreement.

General Discussion

The Committee briefly discussed the Build the Boards project.

Next Meetings

The Committee's next meeting will be held on Wednesday, May 17, 2017 at 7:00 pm at Hanover Town Hall.

Adjournment

Joan Port-Farwell made a motion to adjourn. This was seconded by Wayne Moores. All were in favor, and the meeting adjourned at 7:17 pm.

TAX INCREMENT FINANCING AGREEMENT

BY AND BETWEEN

THE TOWN OF HANOVER,

AND

PREP HANOVER REAL ESTATE LLC

THIS TAX INCREMENT FINANCING AGREEMENT (the “AGREEMENT”) is made this day of April, 2017, by and between the Town of Hanover, a municipal corporation duly organized under the laws of The Commonwealth of Massachusetts, having a principal place of business at Town Hall, 550 Hanover Street, Hanover, Massachusetts 02339 (hereinafter referred to as the “TOWN”), and PREP Hanover Real Estate LLC, a Delaware limited liability company (hereinafter referred to as the “DEVELOPER”) with an address c/o PECO Real Estate Partners, LLC, 5905 E. Galbraith Road, Suite 1000, Cincinnati, Ohio 45236 .

WITNESSETH

WHEREAS, the TOWN wishes to utilize the Massachusetts Economic Development Assistance Program (the “EDIP”) managed by the Massachusetts Economic Assistance Coordinating Council (the “EACC”) to benefit the economy of the TOWN;

WHEREAS, the DEVELOPER owns the land, buildings, and improvements known as the Hanover Mall (the “FACILITY”), which is more particularly located as shown on the parcel description and map attached hereto as Exhibit A;

WHEREAS, the FACILITY has recently been purchased by the DEVELOPER who, over a period of years, plans to upgrade, improve, remodel and expand the FACILITY (the “CERTIFIED LOCAL INCENTIVE ONLY PROJECT”) which requires no public construction and which is described in more detail in the CERTIFIED LOCAL INCENTIVE ONLY PROJECT APPLICATION;

WHEREAS, once the CERTIFIED LOCAL INCENTIVE ONLY PROJECT is completed, and the FACILITY is at full operational capacity, the DEVELOPER will have created directly at least two (2) permanent, full-time jobs, and the DEVELOPER estimates that its tenants will create approximately one hundred (100) new jobs in connection with the CERTIFIED LOCAL INCENTIVE ONLY PROJECT. The DEVELOPER represents that it, and its tenants, will make an investment of at least Forty Million Dollars (\$40,000,000.00) in new construction, renovation, equipment, and improvement costs. The DEVELOPER anticipates the CERTIFIED LOCAL INCENTIVE ONLY PROJECT will reach its full operational capacity in fiscal year 2021.

WHEREAS, the DEVELOPER is seeking a Tax Increment Financing Exemption from the TOWN (the “EXEMPTION”) in order to enhance the financial viability of the CERTIFIED LOCAL INCENTIVE ONLY PROJECT to be established at the FACILITY, in accordance with the EDIP and Chapter 23A and Chapter 40, Section 59 of the Massachusetts General Laws;

WHEREAS, the TOWN strongly supports increased economic activity at the FACILITY to (i) provide additional jobs for residents of the TOWN, (ii) expand commercial, retail and industrial activity within

the TOWN, (iii) assist the DEVELOPER to recover a portion of costs associated with needed public infrastructure facilities such as sewer improvements, and offset other costs associated with the FACILITY, and (iv) develop a healthy economic and strong property tax base;

WHEREAS, the CERTIFIED LOCAL INCENTIVE ONLY PROJECT will further the economic development goals of the TOWN and attract a private project or investment that will contribute significantly to the resiliency of the local economy;

WHEREAS, on April 3, 2017, the Hanover Board of Selectmen recommended approval of this AGREEMENT to the Hanover Town Meeting;

WHEREAS, on May 1, 2017, Hanover Town Meeting voted to approve this AGREEMENT; and

WHEREAS, the Project is subject to approval by the EACC of the DEVELOPER's application for the Project and this AGREEMENT;

NOW, THEREFORE, in consideration of the mutual promises of the parties contained herein and other good and valuable consideration each to the other paid, and the receipt of which is hereby acknowledged, the parties hereby agree as follows:

A. TAX INCREMENT FINANCING EXEMPTION

1. The TOWN, acting by and through its Board of Selectmen, subject to approval by the Town Meeting, hereby enters into this AGREEMENT with the DEVELOPER for the CERTIFIED LOCAL INCENTIVE ONLY PROJECT.
2. Subject to Town Meeting approval of this AGREEMENT, the EXEMPTION is hereby granted by the TOWN to the DEVELOPER in accordance with Chapter 23A, Section 3E; Chapter 40, Section 59; and Chapter 59, Section 5 of the Massachusetts General Laws. The EXEMPTION shall be for the period of fifteen (15) years (the "EXEMPTION PERIOD"), commencing with Fiscal Year 2019 (which begins July 1, 2018) and ending with Fiscal Year 2033 (which ends June 30, 2033) and shall provide a percentage EXEMPTION from real estate taxation and personal property taxes, as described in the table below, on the increased assessed value of the FACILITY resulting from the CERTIFIED LOCAL INCENTIVE ONLY PROJECT as determined in Sections A-3 and A-4 below. The EXEMPTION percentages shall be calculated and shall remain unchallenged for each fiscal year as follows:

YEAR	FISCAL YEAR	TAX EXEMPTION
1	2019 (7/1/2018-6/30/2019)	0% of the increase in valuation
2	2020 (7/1/2019-6/30/2020)	100% of the increase in valuation
3	2021 (7/1/2020-6/30/2021)	100% of the increase in valuation
4.	2022 (7/1/2021-6/30/2022)	100% of the increase in valuation
5	2023 (7/1/2022-6/30/2023)	100% of the increase in valuation
6	2024 (7/1/2023-6/30/2024)	100% of the increase in valuation
7	2025 (7/1/2024-6/30/2025)	75% of the increase in valuation
8	2026 (7/1/2025-6/30/2026)	75% of the increase in valuation
9	2027 (7/1/2026-6/30/2027)	75% of the increase in valuation
10	2028 (7/1/2027-6/30/2028)	75% of the increase in valuation
11	2029 (7/1/2028-6/30/2029)	75% of the increase in valuation

12	2030 (7/1/2029-6/30/2030)	50% of the increase in valuation
13	2031 (7/1/2030-6/30/2031)	50% of the increase in valuation
14	2032 (7/1/2031-6/30/2032)	50% of the increase in valuation
15	2033 (7/1/2032-6/30/2033)	50% of the increase in valuation

3. The EXEMPTION formula for the CERTIFIED LOCAL INCENTIVE ONLY PROJECT will be calculated as prescribed by the Massachusetts General Laws Chapter 40, Section 59 and in 760 CMR 22.00. The EXEMPTION formula shall apply to the incremental difference in the assessed valuation of the FACILITY between the base valuation in the base year, which shall be FY 2018, and the annual increase in assessed valuation of the FACILITY for the fifteen (15) years thereafter. However, if the annual assessed valuation is less than \$39,500,000 for two consecutive years, the DEVELOPER, may, at its option, terminate this AGREEMENT upon five (5) days' notice to the TOWN, at which time the Agreement shall terminate and be of no further force and effect, provided however, in no event shall any termination by the DEVELOPER affect, negate or terminate any abatements previously applied for or then in effect.
4. The annual tax bills of the TOWN relating to the FACILITY shall be issued based on the full and fair market value established by the TOWN'S Board of Assessors. The DEVELOPER shall pay such full market value taxes to the TOWN. Annually, the DEVELOPER shall file for tax abatement pursuant to Chapter 59, Section 59 of the Massachusetts General Laws in the amount equal to the tax savings defined as the annual value of the EXEMPTION calculated using the EXEMPTION percentages listed in Section A-2 above. Upon receipt of the DEVELOPER'S annual abatement application, the TOWN shall abate the taxes and pay the DEVELOPER the savings (defined as the annual value of the EXEMPTION as defined in Section 2 above) within fourteen (14) days and not as a credit against future taxes owed on the FACILITY.
5. The Town grants the EXEMPTION to the DEVELOPER in consideration of, and commitment by, the DEVELOPER to the obligations set forth below, which constitute the material representations of the parties that serve as the basis for the descriptions contained in this TIF AGREEMENT in accordance with M.G.L. c. 40 § 59(ii) and (v).

B. CONDITIONS

The EXEMPTION granted to the DEVELOPER by the TOWN hereby is in consideration of the DEVELOPER'S commitments stated hereafter as follows:

1. To employ, directly, or indirectly, at least TWO (2) permanent full-time jobs as outlined in the CERTIFIED LOCAL INCENTIVE ONLY PROJECT APPLICATION, dated as of April __, 2017 submitted to the TOWN by the DEVELOPER in connection with DEVELOPER'S request for the EXEMPTION, and use its best efforts to hire residents of the TOWN as outlined in the WORK FORCE ANALYSIS AND JOB CREATION PLANS section of the CERTIFIED LOCAL INCENTIVE ONLY PROJECT APPLICATION;
2. To invest at least Forty Million Dollars (\$40,000,000.00) in new construction, renovation, remodeling, equipment and improvements at the FACILITY by it or its tenants, as described in the CERTIFIED LOCAL INCENTIVE ONLY PROJECT APPLICATION which new construction, equipment and improvements shall be placed in service by the end of Fiscal Year 2021;

3. To cooperate with the South Shore Workforce Investment Board, the local Office of the Massachusetts Department of Employment and Training and other agencies, as appropriate, in seeking to fill job vacancies with the DEVELOPER as they develop, and operate a job outreach program whereby Hanover residents are made aware of job opportunities with the DEVELOPER, including advertising in the local newspapers encouraging such residents to apply for employment any time advertisements are otherwise placed for employment at the FACILITY and hire properly qualified Hanover residents on a priority basis consistent with any applicable laws or regulations;
4. To use best efforts to afford the opportunity to solicit local contractors, vendors and suppliers, in connection with the construction of the CERTIFIED LOCAL INCENTIVE ONLY PROJECT and the operation of the FACILITY, subject to any applicable laws or regulations, and assuming equal qualification;
5. To submit annual reports, exclusively relating to the DEVELOPER, exclusive of its tenants, on job creation, job retention and new investments at the FACILITY to the TOWN, and the EACC by September 30 of each year during the EXEMPTION PERIOD. The annual report shall include (i) the number of permanent (regular), full and part time jobs created by the DEVELOPER, (ii) the number of people hired from within the TOWN annually, and on a cumulative basis, (iii) the value of capital investments made with respect to the FACILITY annually and on a cumulative basis, (iv) the amount of property taxes paid to the TOWN, and (v) the utilization of local contractors, vendors and suppliers annually and on a cumulative basis.). If the DEVELOPER fails to submit a required annual report or the annual report indicates that the DEVELOPER has failed to meet one hundred (100%) percent of the jobs retained requirements and one hundred (100%) percent of the new jobs created requirements contained herein, the exemption from real property taxation shall be zero (0%) percent until the DEVELOPER is able to submit evidence demonstrating that it has come to meet such jobs retained and new jobs created requirements.;
6. To pay all taxes owed the TOWN by the DEVELOPER relating to the FACILITY in a timely fashion; and
7. To permit the TOWN, through its Town Manager, to manage, administer, monitor and enforce its rights under this AGREEMENT pursuant to its terms.

C. ADDITIONAL PROVISIONS

1. The DEVELOPER agrees that the TOWN has the right to petition to the EACC to decertify the CERTIFIED LOCAL INCENTIVE ONLY PROJECT and revoke this AGREEMENT if the TOWN, acting through its Board of Selectmen, determines that the DEVELOPER has failed in any material way to meet any of the obligations set forth in this AGREEMENT after notice and opportunity to cure as provided in Section C.9 below. Upon de-certification by the EACC, the TOWN shall discontinue the EXEMPTION benefits described above, commencing with the fiscal year immediately following the year for which the DEVELOPER has so failed to meet its obligations. Prior to filing any such petition for de-certification, however, the TOWN shall give the DEVELOPER written notice of the alleged defaults and an opportunity to be heard at a public hearing on the matter. If the TOWN is satisfied that the DEVELOPER has made a good faith effort to meet its obligations under this AGREEMENT, the parties will attempt to negotiate a mutually acceptable and reasonable resolution, which may result in amendments to this AGREEMENT, prior to the TOWN filing a de-certification petition.

2. The DEVELOPER shall receive the benefits of the EXEMPTION as applied to any personal property taxes relating to the FACILITY during the time this AGREEMENT remains in force. However the EXEMPTION shall not be applicable to any personal property owned by the DEVELOPER'S tenants.
3. The DEVELOPER shall give the TOWN two (2) month's written notice prior to any proposed material change in the use of the FACILITY other than its primary continued use for retail purposes or its proposed disposition of the FACILITY, excluding sales of outparcels or sales of the FACILITY where the successor will continue to use the FACILITY for retail purposes. Said notice shall be given to the Town Manager, 550 Hanover Street, Hanover, MA 02339. The TOWN shall not, except as required by law, disclose any information provided by the DEVELOPER regarding the proposed change in the use of, or proposed disposition of the FACILITY.
4. Pursuant to the 760 CMR 22.05 (8)(d), this AGREEMENT shall be binding upon all parties to it, and be binding upon the DEVELOPER and its successors and assigns and shall inure to the benefit of affiliates of the DEVELOPER so long as the CERTIFIED LOCAL INCENTIVE ONLY PROJECT has not been de-certified by the EACC.
5. The CERTIFIED LOCAL INCENTIVE ONLY PROJECT becomes eligible for the EXEMPTION on the July 1st following the date on which the EACC approves the TIF Plan pursuant to which this AGREEMENT is executed, as provided in 760 CMR 22.05 (4)(d).
6. If any provision of this AGREEMENT shall be found invalid for any reason, such invalidity shall be construed as narrowly as possible and the balance of this AGREEMENT shall be deemed to be amended to the minimum extent necessary to provide to the TOWN, and the DEVELOPER substantially the benefits set forth in this AGREEMENT.
7. All notices permitted or required under the provisions of this AGREEMENT shall be in writing, and shall be sent by registered or certified mail, postage prepaid, or shall be delivered by private express carrier to the addresses listed above or at such other address as may be specified by a party in writing and served upon the other in accordance with this section.
8. If and to the extent that any party is prevented from performing its obligations hereunder either by an event of force majeure or otherwise, such party shall be excused from performing hereunder and shall not be liable in damages or otherwise, so long as the force majeure event or other event shall continue, and the parties instead shall negotiate in good faith with respect to appropriate modifications to the terms hereof, provided however, in the event such force majeure or other event precludes the TOWN from paying the DEVELOPER the abatement due to the DEVELOPER hereunder, or the DEVELOPER is prevented from paying its taxes to the TOWN, such payment(s) shall be made as reasonably practicable and nothing contained herein shall mean that the TOWN or the DEVELOPER is not obligated to pay the same. For purposes of this AGREEMENT, the term "force majeure" as used herein shall mean any supervening cause beyond the reasonable control of the affected party, including without limitation requirement of statute or regulation; actions of any court, explosion, actions of the elements, war, terrorism, riots, mob violence, actions of regulatory authority, or public authority having jurisdiction; acts of God, fire, earthquake, floods, inability to procure or a TOWN shortage of labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strikes, lockouts, actions of labor unions, condemnation, laws or orders of governmental or military authorities, denial of, refusal to grant or appeals of any permit, approval or action of any public or quasi-public authority, official, agency or subdivision and any litigation relating

thereto, or any other cause similar to the foregoing, not within the control of such party obligated to perform such obligation.

9. Failure by the DEVELOPER to perform any term or provision of this AGREEMENT shall not constitute a default under this AGREEMENT unless DEVELOPER fails to commence to cure, correct or remedy such failure within thirty (30) days of the receipt of written notice of such failure from the TOWN to the DEVELOPER and thereafter fails to complete such cure, correction or remedy within ninety (90) days of the receipt of such written notice, or, with respect to defaults which cannot be remedied within such ninety (90) day period, within such additional period of time as is required to reasonable remedy such default, provided the DEVELOPER exercises due diligence in the remedying of such default. Notwithstanding the foregoing, any late payments of property taxes due under this AGREEMENT shall be subject to the same interest and penalty charges that would otherwise be levied in case of a failure to timely pay property taxes.
10. After receiving written notice from any person, firm or other entity, that such party holds a mortgage which includes as part or all of the mortgaged premises, any part of the FACILITY, the TOWN shall, so long as such mortgage is outstanding, be required to give to such holder the same notice as is required to be given to DEVELOPER under the terms of this AGREEMENT, but such notice may be given by the TOWN to the DEVELOPER and such holder concurrently. It is further agreed that such holder shall have the same opportunity to cure any default as is available to the DEVELOPER and that such holder shall have forty five (45) days more to cure any such default than would be available to DEVELOPER under the provisions of this AGREEMENT. In addition, so long as any such holder, within seventy five (75) days of receiving any such notice from the TOWN, shall commence proceedings for foreclosure of any such mortgage and shall, in the meantime, keep and perform or cause to be kept and performed all the obligations of the DEVELOPER to satisfy any condition of this AGREEMENT, to the extent that any such actions can be performed or undertaken by a party proceeding under foreclosure under applicable law, no default or failure of any condition shall exist under this AGREEMENT. Notwithstanding the foregoing, any late payments of property taxes due under this AGREEMENT shall be subject to the same interest and penalty charges that would otherwise be levied in case of a failure to timely pay property taxes.
11. This AGREEMENT and the benefits provided hereunder shall run with the land comprising the FACILITY and shall be binding upon, and inure to the benefit of the successors in interest to DEVELOPER. If the FACILITY is sold in part creating new Assessors' parcels, the EXEMPTION shall be passed through directly to the new owner or owners subject to and with the benefit of the terms of this AGREEMENT, upon approval by the Town. The Base Value of each such tax parcel shall be that percentage of the original Base Value that the lot area of the new tax parcel or parcels represents of the land area currently of the FACILITY.
12. This AGREEMENT shall be governed by and construed in accordance with, the laws of The Commonwealth of Massachusetts. The TOWN and DEVELOPER hereby irrevocably submit to the jurisdiction of any state or federal court sitting in The Commonwealth of Massachusetts in any action or proceeding arising out of or relating to this AGREEMENT and hereby irrevocably agree that all claims in respect of such action or proceeding shall be heard and determined in a state or federal court sitting in The Commonwealth of Massachusetts.
13. This AGREEMENT may be executed in several counterparts, each of which shall be considered a duplicate original and the same instrument.

14. This AGREEMENT is expressly subject to and conditioned upon approval of the Town Meeting and approval of the Project as a CERTIFIED LOCAL INCENTIVE ONLY PROJECT by the EACC including certification of this AGREEMENT as an approved Tax Incremental Financing Agreement under M.G.L. c. 40 §59(vii). In the event that the Town Meeting does not approve this AGREEMENT, the EACC does not approve the Project, or the EACC decertifies the Project, this AGREEMENT shall immediately be deemed null and void, with no further recourse by either party.
15. This AGREEMENT contains the entire agreement between the parties, and supersedes all prior and contemporaneous agreements, communications, and understandings, whether written or oral, with respect to the subject matter hereof. Each party represents and warrants that, in executing this AGREEMENT; it has not relied and does not rely upon any representation or statement outside this written AGREEMENT made by the other party.
16. The undersigned signatories do hereby represent and warrant that they are duly authorized to enter into, execute and deliver this AGREEMENT.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

WITNESSETH the execution and delivery of this AGREEMENT by the TOWN, and DEVELOPER as an instrument under seal as of the date first above written.

The **TOWN OF HANOVER**,
By its Board of Selectmen, duly authorized
pursuant to Town Meeting vote under Article
_ of the 2017 Annual Town Meeting, duly called and
held on May , 2017

PREP HANOVER REAL ESTATE LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

BOARD OF SELECTMEN

Hanover Mall – TIF Questions

1) Comparable Projects

1. Are there ratios between development costs per square foot of leasable space and value created? **I think this would be a question to be asked to the assessor.**
2. Can we learn something about the lag time between construction completion, lease-up and assessed value increasing? **I think this would be a question to be asked to the assessor.**
3. Review of publicly available information.
4. Will Myles Standish Plaza, Mansfield Crossing, Mountain Farms (Hadley) and Wareham Crossing provide any information that may be helpful in understanding the likely impact of the Mall redevelopment on the timing and amount of tax revenue increases we might expect to see? **Each project is different. In general, each example going through a redevelopment will show the values increasing until they reach stabilization. With those examples, there is information needed to make a comparison to the Hanover Mall. For example, we would need to know the costs that went into the project and the income generated. We do not have access to that information.**
5. Can we identify 5 to 7 comparable projects for which we can mine some data and try to discern whether it is valuable?
6. Once identified, could we obtain information relative to the experiences of those places?
7. For the sample group we might look at current property values and the growth of valuation in those places.
8. Could we break this data out by value of buildings and property and then ask our town assessor to compare that to the mall property (land + buildings)?

2) Financial Analysis of direct TIF Impact

1. What if the redevelopment happens much faster than expected? **The base version is assuming an immediate construction schedule. Assuming construction during 2018 and 2019 and increases in valuation in 2020, 2021 and stabilized valuation in 2022.**
2. What is the fastest reasonable path to completion and how does that impact the model? **The base version is assuming an immediate schedule.**
3. What if it happens much slower and how does that impact the model? **Once we have secured the anchor tenant and further understand the schedule. We would review the TIF Agreement and determine if the timing would work or if we need to consider amending the dates to match the schedule.**
4. What if PREP scales back the redevelopment and the \$40M in the bare minimum? Are we looking at a lower assessed value? **Yes, achieving the goal of adding value and stabilizing the tax base remains the same.**
5. What if they get great feedback on the plans and end up investing a much larger amount? **Great feedback on the plans would not cause a significant increase in the investment. We are counting on great feedback and acceptance of the plan.**
6. What is the highest reasonable investment and resulting assessed value to assume? What does that do to the financial analysis? **This may be a question for the assessor. We will also need to justify to a lender through an appraisal.**

- Using conservative numbers everywhere is great for certain types of analysis, but we would like to tease out the upside and downside possibilities to the extent that we can. I clearly understand your desire to do your due diligence and explore the scenarios. We could create numerous amounts of scenarios based on assumptions that may only further confuse the situation. It is my opinion to step back and remind ourselves the goal is to create additional value in the largest tax paying asset in the Town of Hanover which stabilizes the tax base and reduces the burden from the residents. Having additional funds available through the TIF will help accomplish that goal.

3) Financial Analysis w/out TIF

- You mentioned the likely dip in assessed value over the next few years – let’s talk about the correct assumptions for that impact on commercial tax base. Since our acquisition we have lost multiple tenants and have had many rent reductions. That alone will cause a decrease in the valuation. We are likely to continue to lose tenants, further decreasing the value. Once we start construction and demolition that will further reduce the value until buildings are built and tenants occupy.
- In addition to the short term impact, what information can PECO give us about the impact of the TIF on the size of the redevelopment they would likely do? If we have proceeds from the TIF to use for the project, that will increase the valuation, therefore increasing the tax revenue, further stabilizing the tax base and reducing the burden on the Hanover residents. As a Board / Committee you would look at this from a long term. There is additional value being created that will be beneficial for a long period of time.
- Would it impact types of tenants? Yes, there are certain types of tenants that require amenities, a certain look and so forth. There are also tenants that require additional buildout dollars to make the deal.
- What will they do to the assessed value vs. what does demolition of the existing mall look like. The \$20M floor is too low. I think this would be a question to be asked to the assessor.

4) Other PECO Projects

- Can PREP provide information on the growth of PECO’s other properties from the time they acquired them to today? Both projects below will continue to increase in value. They are both to a point in the schedule where they are finishing up the core and shell and there have been tenant occupied that hasn’t been assessed.

<i>The Kenwood Collection</i>			
	<u>Purchase Price</u>	<u>2014</u>	<u>2016</u>
Parcel 600-0080-0002		\$ 56,964,000	\$42,841,660
Parcel 600-0080-0782		Not Created	\$29,356,630
Total	\$ 29,000,000	\$ 56,964,000	\$72,198,290
<i>The Shoppes at Parma</i>			
	<u>Purchase Price</u>	<u>2015</u>	<u>2016</u>
Various Parcels	\$ 15,500,000	\$ 24,709,600	\$33,332,410

- Can we get a list of stores in their current properties?

The Shoppes at Parma

JC Penney
Dick's Sporting Goods
Wal Mart
Ulta
Shoe Department
Chase Bank
Fitworks
Rue 21
Torrid
Rally House
Kay Jewelers
Pizza Fire
Pulp
Fast Eddie's
Anthony Vince Nails
Pearl Vision
American Commodore Tuxedo
Huntington Bank
Russo Rosalina Attorneys
Gamestop
Tasco
Antonio's
Bella Nails

Best Cuts
Marc's Grocery
Chuck E Cheese
Vision World
Sally's
Pet Value
Best Wok
Sport Clips
GNC
H&R Block
Jimmy John's
Quest Diagnostics
Chipotle
AT&T
Mattress Firm
Panera Bread
Aspen Dental
Mission BBQ
T-Mobile
Five Guys Burgers
Piada
Sprint

The Kenwood Collection

LL Bean
Whole Foods
Old Navy
Mitchell Gold Bob Williams
Crunch Fitness
Cyclebar
Z Gallerie
Pies and Pints (restaurant)
Matt the Miller (restaurant)

3. What else from their experiences in Ohio might be helpful to understanding the variables and assumptions relative to the Mall?

5) Indirect Impact of Mall on Surrounding Commercial Tax

1. Anecdotally, you have great information suggesting some very serious development in the surrounding area is likely to occur as a result of the Mall redevelopment.
2. Again, can we look to the experience of other towns?
3. Did Lynnfield see a big uptick in development after the Mall was completed up there?
4. How about the other developments we identify as comparable projects?
5. Can we draw any conclusions as to whether the TIF vs. No TIF changes the impact on commercial development in the surrounding area? **It will be very difficult to understand that impact at this point. We do not know what the project will be without the TIF.**

HANOVER MALL	SQ. FT	BASE RENT	RENT SQ. FT	GROSS RENT	%VAC	VAC ALLOWANCE	EGI	EXP %	EXPENSES	NOI	TOTAL NOI	CAP RATE	EST VALUE
Hanover Mall - Existing Misc. Income	710552	10	10.41	\$7,403,951.84	0.05	\$370,197.59	\$7,033,754.25	0.73	\$5,134,640.60	\$1,899,113.65	\$4,081,704.65	0.092	\$44,366,354.86
Hanover Mall - During Construction Misc. Income	310552	10	10.41	\$3,235,951.84	0.05	\$161,797.59	\$3,074,154.25	0.73	\$2,244,132.60	\$830,021.65	\$2,074,098.65	0.092	\$22,544,550.51
Hanover Mall - After New Construction Misc. Income	700000	28	10.41	\$19,600,000.00	0.05	\$980,000.00	\$18,620,000.00	0.73	\$13,592,600.00	\$5,027,400.00	\$7,209,991.00	0.06	\$120,166,516.67



PECO Real Estate Partners - Hanover Mall - Hanover, MA TIF vs NO TIF Analysis

	<u>Mills</u>
	<u>17.880</u>
Total	
Assessed Value	70,000,000
Annual Taxes	1,251,600
Effective Rate	1.788%

			Assessed Value w/out the TIF	Total Paid to Town w/out TIF	Total Paid to Town with TIF	Variance
1	2018		30,000,000	536,400	706,260	(169,860)
2	2019		22,544,550	403,097	706,260	(303,163)
3	2020		22,544,550	403,097	706,260	(303,163)
4	2021		22,544,550	403,097	706,260	(303,163)
5	2022	40%	28,000,000	500,640	709,791	(209,151)
6	2023	80%	56,000,000	1,001,280	713,340	287,940
7	2024	100%	70,000,000	1,251,600	716,907	534,693
8	2025		70,000,000	1,251,600	720,491	531,109
9	2026		70,000,000	1,251,600	724,094	527,506
10	2027		70,000,000	1,251,600	967,754	283,846
11	2028		70,000,000	1,251,600	970,483	281,117
12	2029		70,000,000	1,251,600	973,225	278,375
13	2030		70,000,000	1,251,600	975,982	275,618
14	2031		70,000,000	1,251,600	978,752	272,848
15	2032		70,000,000	1,251,600	1,216,981	34,619
16	2033		70,000,000	1,251,600	1,218,846	32,754
17	2034		70,000,000	1,251,600	1,220,721	30,879
18	2035		70,000,000	1,251,600	1,687,872	(436,272)
19	2036		70,000,000	1,251,600	1,687,872	(436,272)
20	2037		70,000,000	1,251,600	1,687,872	(436,272)
21	2038		70,000,000	1,251,600	1,687,873	(436,273)
22	2039		70,000,000	1,251,600	1,687,874	(436,274)
				23,273,210	23,371,770	(98,561)

Endorsements as of 05/10/2017

HANOVER CHAMBER OF COMMERCE

“As the President of the Hanover Chamber of Commerce our board supports the Tax Increment Financing (TIF) proposal and encourage the people of Hanover to do the same because we feel this will lead to employment opportunities and help stabilize real estate property tax rates for Hanover residents. We are also very excited about the economic boost the new mall will give to our community so the people of Hanover can enjoy a modern state of the art shopping venue that we can all be proud of!”

Patrick J. Kelleher, President, Hanover Chamber of Commerce

Tom Burke – Hanover Resident/Member Chamber of Commerce

“I encourage my Hanover residents to support the proposed Tax Increment Financing(TIF) proposal to assist in the redevelopment of the Hanover Mall. It is my belief that a revitalization of the Hanover Mall property is necessary to restore it as a cornerstone of the economic base of our town. Based on the proposed project and investment on the part of the new owners/developers, this is a great example of how public/private partnerships can benefit our community.”

Thomas M. Burke, Jr. 110 Bates Way Hanover, MA 02339

South Shore Chamber of Commerce

“The South Shore Chamber of Commerce commends the town officials and Hanover Chamber of Commerce for working to save the Hanover Mall. We support the proposed tax incentive to allow the mall to compete in a changing retail environment. Hanover residents now have the chance to support new growth and see a vibrant mall. “

Peter Forman President & CEO South Shore Chamber of Commerce
1050 Hingham St. Rockland, MA 02370
781-421-3913 or 617-479-1111

Joshua Katzen – Owner/Developer Target Plaza

“As the owner of a large shopping center close to the Hanover Mall, we are delighted that the Town of Hanover is considering supporting the re-development with TIF funding. The Hanover Mall anchors the entire Route 53 retail community, and its re-development and continued health is essential to the successful operation of all of the commercial operations along that corridor. We applaud the Town for taking this fore-sighted and important step.”

Joshua Katzen

Hanover Washington LP

Owner of the Target shopping center, Route 53, Hanover

Prime Motors – Owner Dave Rosenberg

As the owner of Prime Motor Group and business partner with the Hanover Mall, I am very supportive of the redevelopment plans by the new Mall owners (PREP). The Hanover Mall is the key anchor on the Route 53 corridor. I support the Tax Incentive Financing proposed (TIF).

When cities and towns partner with business to revitalize a key business, it is a win-win. The TIF agreement will stabilize the tax base for the Town and allow PREP to recoup some tax savings on the incremental value added because of the development. My understanding that PREP is committed to a minimum of \$40 million dollars and the two other projects they have developed successfully had TIF agreements with those cities. The revitalization of Hanover Mall into an outdoor lifestyle like center is a major commitment to the new Mall owners. The project will create jobs and increase the development opportunities for the businesses near and around the Mall property.

PR First - President Jim Farrell – Member Hanover Chamber of Commerce

“We support the efforts underway to revitalize the Hanover Mall. We urge residents to support the Tax Increment Financing (TIF) article coming up at the Special Town Meeting in June. The investment will strengthen Hanover’s largest taxpayer and the town’s appeal as a residential and business community.”

Jim Farrell, President

PR First

2048 Washington Street

Hanover, MA

Moe's Southwest Grill - Hanover Mall Location/ Brooks N. Henderson - Owner/Operator

“As the owner/operator of the Moe's Southwest Grill restaurant franchise located at the Hanover Mall, I support the Tax Increment Financing (TIF) proposal and I encourage our valued customers and residents of the Town of Hanover to do the same. This proposal will allow a much-needed revitalization and redevelopment of the Hanover Mall property, which will in turn attract new businesses and tenants, create more employment opportunities, an overall better dining/shopping experience for Hanover residents and a much-needed local economic boost. Let's make the Hanover Mall great again!”

Brooks N. Henderson - Owner/Operator
Moe's Southwest Grill - Hanover Mall Location

South Shore Children's Museum
1775 Washington Street, Hanover MA 02339

On behalf of the South Shore Children's Museum, I would like to make several favorable statements about our partners, the Hanover Mall.

It is our organization's understanding that you are considering providing the Hanover Mall and its associates several licenses and benefits to help them in creating a new and improved shopping area. We cannot stress enough how valuable our association with the mall has benefitted our organization. If the past 3 years were any indication of how committed they are to providing the community social benefits through their support of our mission and goals, we can assure you that they will continue to work towards being an asset to the local community.

With the new investments planned for the revitalization of the mall, we can only see how the town will continue to reap positive rewards not only from enterprise, but from the social economic impact it will have on all members of our community. The Hanover Mall continues to work with our growing museum in planning and sustaining our programs and services by providing its ideal facilities and central location to us at very low or at times, free cost.

We know that the mall will continue to honor their support of local families and community by keeping our relationship sustainable throughout the next few years of uncertainty during construction. There have been several other non-profit organizations that the mall has worked with and who we have become connected to through their efforts. We have seen thousands of families visit our facility in part to our positive local networks. Along with the mall's foot traffic, we bring in families from all over the South Shore and beyond.

Please feel free to contact me at juvy@southshorecm.org or by phone to discuss in greater detail the success of the museum these past three years in part to having a home here at the Hanover Mall.

Respectfully,

Juvy Hartweg
Director

"take an adventure through history"

Brian Murphy – Owner Unicorn Realty

Unicorn Realty owns multiple commercial properties around the route 3/ Route 53 interchange in Hanover and we strongly support the TIF for the Hanover Mall. The Hanover Mall's long-term success is critical for the all the surrounding businesses. We believe the plan to redevelop The Mall is the right decision and the TIF will help the new owners as they make the substantial investment to achieve that long-term success.

Brian Murphy
Unicorn Realty

Maria Wood, Owner Marias Fashion Focus

I have owned Fashion Focus Program for 17 years for the last 15 years, the Hanover Mall has been a supportive and safe place for my students to showcase their confidence and style on the runway with the retailers at the Hanover Mall. Thousands of my students as well as their family members have enjoyed and appreciated the community support that the Hanover Mall extends to South Shore small businesses. I completely support the proposed Tax Increment Financing(TIF) proposal to assist in the redevelopment of the Hanover Mall.

Judith Teetsell-Hanover Resident

As a resident of Hanover for 20 years, I hope my fellow residents will support the Tax Increment Financing (TIF). The current Hanover Mall is a "dead mall". It feels lifeless, with many vacant stores and it lacks the traffic to generate excitement and a positive sales environment.

Voting yes will create more jobs, and increase revenue for the town of Hanover. It will give the much-needed face lift to the Hanover shopping area, creating an inviting shopping experience for South Shore residents to enjoy!

Judy Teetsell