

BOARD OF MAYOR AND ALDERMEN

June 4, 2013

7:30 PM

Mayor Gatsas called the meeting to order.

The Clerk called the roll.

Present: Aldermen Craig, Ludwig, Long, Roy, Osborne, Corriveau, O'Neil,
Levasseur, Shea, Katsiantonis, Shaw, Greazzo, Gamache, Arnold

Mayor Gatsas stated without exception if we could move to the tabled items I would call on Alderman Craig to remove an item from the table.

Alderman Craig moved to remove items 40 and 41 from the table. Alderman Shea duly seconded the motion. Mayor Gatsas called for a vote. There being none opposed, the motion carried.

40. Appropriating Resolutions:

“Appropriating to the Parking Fund the sum of \$5,000,000 from parking revenues for the Fiscal Year 2014.”

"Appropriating the sum of \$13,229,048 from Sewer User Rental Charges to the Environmental Protection Division for the Fiscal Year 2014.”

“Appropriating the sum of \$2,130,115 from Recreation User Charges to the Recreation Division for the Fiscal Year 2014.”

“Appropriating to the Manchester Transit Authority the sum of \$1,080,536 for the Fiscal Year 2014.”

“Appropriating to the Manchester School District the sum of \$155,724,449 for the Fiscal Year 2014.”

“Appropriating all Incremental Meals and Rooms Tax Revenue Received by the City in the Fiscal Year 2014 and held in the Civic Center Fund, for the payment of the City’s Obligations in Said Fiscal Year under the Financing Agreement.”

“Appropriating to the Manchester Airport Authority the sum of \$47,887,649 from Special Airport Revenue Funds for the Fiscal Year 2014.”

“Appropriating to the Manchester School Food and Nutrition Services Program the sum of \$5,796,000 from School Food and Nutrition Services Revenues for the Fiscal Year 2014.”

“Raising Monies and Making Appropriations of \$134,970,938 for the Fiscal Year 2014.”

“Appropriating to the Central Business Service District the sum of \$258,000 from Central Business Service District Funds for the Fiscal Year 2014.”

(Tabled 3/19/2013)

41. Budget Resolutions:

“Continuation of the Central Business Service District.”

“Authorizing the Finance Officer to utilize surplus funds from the Fiscal Year 2013 budget to fund a prepayment of \$750,000 for Fiscal Year 2014 City pension costs.”

“Authorizing the Finance Officer to transfer \$130,431 from the Special Revenue Reserve Account to the Parking Division in Fiscal Year 2013 to reimburse the Parking Division for Fiscal Year 2014 debt service associated with the Hampshire Plaza parking garage.”

(Tabled 3/19/2013)

Alderman Craig stated I am pleased tonight to present an alternative budget. The mayor, as well as the aldermen, is aware of this budget. Alderman Long and I facilitated the process of putting all of the information together but many aldermen, as well as the mayor, played a role in developing this budget. We were impressed as most have listened, respectfully debated and compromised where necessary and we would like to thank all of you for that. In addition, we couldn't have done this without the help and guidance of Bill Sanders and Guy Beloin so we would like to thank them for their time and efforts as well. The mayor gave us a starting point for this budget doing the best that he could under the circumstances at the time and with the passage of time, fortunately we have realized additional surpluses and new revenues. I am pretty certain when I say that no one here in this room believes that this is a perfect budget or makes everybody completely happy. Personally, I wish more money was going to schools and I know others would rather have more money go to roads or toward other departments but this budget does what it can in these difficult economic times while at the same time staying within the tax cap, which, like it or not, is a law in our City. This budget addresses the needs on the City side by allocating an additional \$1.5 million to address severance and department operating shortfalls, needs within the School District by allocating an additional \$1 million for teachers and the needs of the taxpayers by bringing the tax rate down to 2.1%. I would like to quickly go through the detail of this budget. If you look at the sheet that we are all used to looking at, the spreadsheet, we will go right down the line. In terms of Economic Development, all expenditures with the exception of \$100 have been transferred to contingency. At this point, the future of the department is

unknown. Once a new plan is adopted by this board appropriate funding will be transferred back to Economic Development and all revenues from that department have been transferred to Finance. Within Finance there is an additional \$225,000 in revenue from billboards that have been accounted for. There is \$54,500 in additional parking dividend revenues and then you will see that the money from MEDO is allocated there. Planning & Community Development has an increase of \$50,000 in additional application fees that were originally anticipated for FY13 and now will be realized in FY14. For the Tax Collector, projections show that we will realize additional revenues of \$10,000 in additional interest on taxes and \$50,000 in additional interest on tax liens. For the Fire Department, we allocated \$162,500 for revenues from the ambulance reimbursement for a period of six months as stated in the RFP. For Highway there are a few items. First, we are proposing to hire an Environmental Programs Manager for a total cost of \$67,874 and that includes salary, health insurance, retirement and FICA. This person this board has talked about a few times but this person would be responsible for proposing cost savings plans associated with recycling and solid waste collection. As you may recall, when Mr. Sheppard spoke before the board during the budget discussion, he mentioned that simply defining our solid waste customers could save the City about \$500,000. Ideas such as this, along with having other ideas like having all residents buy green totes, automating the solid waste pick up process, making recycling mandatory throughout the City, increasing the recycling rate downtown and even bag and tag need to be investigated. The belief is that this position will more than pay for itself in the savings generated. There is an additional \$400,000 in revenues that Highway will be realizing based on work that they will be doing for EPD. There are \$250,000 in revenues from road work that Highway will be doing for the bond and we have been reimbursed by FEMA \$175,000 for winter storm Nemo. We are projecting an additional \$25,000 in revenue due to charging for pick up of bulky goods, similar to what the Highway does now with white goods. If residents wish to bring their bulky goods to the Drop Off Facility, it will remain free. For Parks we included \$25,139 to keep all of the pools open for one more week and equal to the number of weeks they were open in 2012. We funded the severance account for \$800,000. Contingency now includes the money from Economic Development of \$202,406. We have also included \$40,000 in there, which would be maintenance for keeping the old police station open covering utilities and so forth. If and when the police station is sold, the assumption is that that money would come back into contingency. There is an additional \$766,388 in contingency. This, along with the amount that the mayor allocated totals about \$1.4 million. This money would be used for department operating shortfalls that may arise during the year. Department budgets are very tight this year. The starting point this year for most funding is at the 2013 level minus 1%. During our budget discussions we heard from many

departments—Police, Fire, OYS, Health and recently Fleet Management—that their budgets were underfunded by roughly a total of \$700,000. We know that there are other departments that may encounter unanticipated situations. What we are asking is that department heads do their best to manage their budget as it exists today but if they do run into an issue as the year progresses they would have the opportunity to come back before this board. We are suggesting allocating \$1 million to schools. Although we can't specify how this money will be spent, it is our hope that it would go towards retaining and hiring teachers. As we discussed last night in CIP, we are recommending that we bond \$1.5 million for road reconstruction. Just in closing, again we know this budget isn't perfect. Alderman Long and I would like to thank you all for your input and we hope that everyone finds this proposal acceptable and will vote to approve it. Thank you.

Alderman Shea stated I appreciate the hard work that went into this, but I think there are a couple of areas where I think there should be amendments to the budget. Maybe we can consider first of all... We had a joint meeting between the Human Resources/Insurance Committee and Administration/Information Systems and as a result of that meeting, through the help of Alderman O'Neil, we lined up certain points that we all agreed would be followed. At present, MEDO is in the Mayor's Office and there are certain expenditures that are incurred because of the fact that we do not have an operating MEDO department. I would like to see a little bit more in the budget for expenditures that may be incurred during the time that it is operating out of the mayor's budget. I am assuming \$100 is not a sufficient amount of money so I am asking if an additional \$50,000 could be added to the MEDO budget. In addition to that, I have spoken to Wes Anderson and he indicated to me that at present his budget is going to be tracked at \$3,133,000 this year. Recently we appropriated \$200,000 for his operation to come to fruition. In order for him not to have to come back and take money from contingency, I feel that we should take \$200,000 out of contingency and add it to his department budget, which would give him an allocation of \$3,133,049. Again that would allow him to have the same amount of money in 2014 that he had in 2013, which he said he is tracking and which would allow him to operate his facility. I am asking that \$250,000 be taken out of contingency and added to those two different entities in our line item budget. I ask for the support of the members of the board for that.

Mayor Gatsas stated what I will do is go through the speakers first and then come back to you for your amendments.

Alderman Levasseur stated under the Economic Development Office we have a \$202,406 savings but I don't see it applied to the Mayor's Office. Where is that money? The mayor has two more employees I think so shouldn't his budget have gone up?

Alderman Craig replied it is in contingency right now because there is no department.

Alderman Levasseur responded my understanding was that we were not going to make it a department but give two more employees to the mayor. Are we going to end up taking the money out of contingency at some point to hand it over to the mayor's salary line?

Alderman Craig answered it is my understanding that this issue is going back to committee and that is why it was put into contingency; it is unknown at this point.

Alderman Levasseur stated the mayor has no choice but to bring in a tax cap budget and he did have the wind at his back when it came to the incredible amount of revenues that we had over the last couple of months that have given us a pretty substantial surplus. Under his contingency salary adjustment he had almost \$400,000 and now we have brought it up to over \$1.8 million. I don't know, mayor, and you can tell me if I am wrong or not, but I would rather see us take \$60,000 out of contingency and send it over to the building department so that we do not have to increase the fees at all in that department on anybody coming into the City to do business. I won't make the amendment now but if you can write that one down I would like to see \$60,000 come out of contingency to go to the building department so that there will not be any increase in any permit fees until the economy stabilizes. I think otherwise the budget looks pretty solid and I congratulate Alderman Long and Alderman Craig for their diligence and hard work on behalf of the aldermen.

Alderman O'Neil stated I want to begin by thanking Alderman Long and Alderman Craig for their efforts. I do know that they reached out to members of the board regularly for input and they attempted to stay in communication with all of us but I know personally I heard from both of them on a regular basis and that is appreciated and I appreciate them taking the time to listen to my concerns about the budget. I have a question for either one of you. This budget assumes pretty much business as usual. The Fire Department should be at 46 firefighters per shift so that we can maintain that straight time level of overtime and Police should be able to hire as opportunities come available and Public Works should be able to do their normal operations? Am I correct on that?

Alderman Craig answered yes.

Alderman O'Neil asked and will the first action have to be a vote other than appropriations and amending individual department budgets in order to start that process tonight?

Alderman Craig answered yes.

Alderman O'Neil asked so that should be the first thing that happens correct?

Alderman Craig replied are you talking about the first motion that we need to take this evening?

Alderman O'Neil responded yes, because I know there was some talk about making amendments to individual department budgets and I don't think we can do any of that until we take the first motion on the overall package correct?

Alderman Craig stated that is my understanding.

City Clerk Matthew Normand stated yes, that is correct.

Alderman Greazzo stated I appreciate Alderman Craig's inclusion of me in her discussions and I appreciate putting money towards the tax rate. Giving automatically \$1 million to the school for the sake of doing that does not help us in our negotiations with the teachers. If we had an agreement with the teachers on healthcare, we would have \$3.5 million from what I understand. I don't think this is an incentive for them to come to the table and negotiate with us on that point. That is really my big issue. As far as things we need to do moving forward but I appreciate the effort and I like that you have reduced the tax rate from the mayor's original proposal by using the surpluses. There are just a few things I have to disagree with and I am not going to get into them at length because I am sure most of the board understands them and so does the public.

Alderman Osborne stated I had the same dilemma as Alderman Greazzo. What has puzzled me over the years and the negotiations that went on with the unions and teachers and so on... Just the other night I was watching the School Board meeting and they asked them how much it would cost if they added so many teachers on there and I remember Dr. Brennan being asked if it would help the schools at all and I remember him saying no. It will not solve the big issue here. That is what is bothering me; no

concessions and this information that I heard from him. I know the mayor only had so much to play with when he had to put his budget together, which is very hard. Alderman Craig and Alderman Long did a good job. It is a very tough decision for all of us aldermen and the next year and the year after will be even harder. We have to try to put the money in the best places we can where it is going to do the most good. I am in a dilemma here regarding what Dr. Brennan said about the teachers and taking \$1 million and giving it to the schools. What are we going to do when next year comes along and these five teachers are there? How are we going to fund them then? It makes another catch 22. All I am trying to say here is I am not against Alderman Craig's hard work but I think we need to use the money in a proper manner.

Alderman Roy stated a few weeks ago I talked to Alderman Long and Alderman Craig and I thanked them at that time for the hard work they have done. I was excited with what they came up with. Then unfortunately the teachers came to an impasse and it set me right off the charts. My angst, and it is only with the School District and I was very hopeful when I first talked to her about giving them more money, but when the teachers walked, as I thought about it, I felt if we do this and give them more money without them being at the table we are essentially enabling their actions and not helping out to the extent that they can like all of our other employees did. I also think if we do this it is going to be a slap in the face to everybody who did come forward and did participate to whatever extent they could and it is going to be a lesson for them if we do this and in the future they are probably going to say no, no, no, I want the status quo because they will see from this example that even when people say that we give the department or the district in this case more money... My only problem with this, and I apologize because I think they have done good work here, is that issue.

Alderman Katsiantonis stated I do agree with some of my fellow colleagues about what is going on with the teachers union but we all have to realize that what we are doing with the \$1 million for the School District is really for the students. We cannot give money to the School District because we are mad at the teachers because they are unwilling to negotiate. I like this budget and I am going to support it.

Alderman Shaw stated I agree with what Alderman Katsiantonis just said. This is about our contribution to the schools. This is about what we are doing. We don't control what the teachers do. They have to answer to the public. They have to answer to their colleagues and the schools. Impasse is not an unusual thing in negotiations. I served on negotiation committees for several different contracts in my tenure as a teacher and I know that impasse is nothing unusual. What they do from this point on, they have to

answer to the public. We are not controlling the teachers. What we are talking about is what our contribution is. As mayor and aldermen our colleagues who worked hard on this budget found a way to put \$1 million into the schools, which would pay for a certain amount of teachers. That will help. That is our contribution to the kids of Manchester. What they do on the other side is their business. We are not taking away leverage or doing anything other than showing where we are coming from and what we are and that is where that money is coming from. I have full confidence that they are going to do something on their side because that is part of the negotiation procedure. Sometimes I feel like it is a game: we are going to impasse and see what they do and we are not going to do this because we want to see what they do. I don't care what anybody else is doing. This is what we are doing. We chose to give them the extra \$1 million and that is what we should be looking at and not what the other side is doing.

***Alderman Craig** moved to transfer the net FY13 general fund surplus, minus any surplus amounts approved to prepay 2013 City retirement costs, to the 2014 tax rate. **Alderman Gamache** duly seconded the motion.*

Alderman Corriveau stated I certainly respect the work that has gone into this budget proposal and even as early as this afternoon I have been deliberating the merits and the weaknesses of it very carefully. Like everyone in this chamber, I believe that a City's budget represents our values and this is the fourth budget I have encountered in my time on the Board of Mayor and Aldermen. I have been thinking about how I felt about some of those prior budget votes and while I have no regrets, I have come to a realization that every year I am pressed to vote one way or another not to make any demonstrable progress for our City but rather to avert disasters, whether it is the firefighting operation or teachers in the classroom or our severance line item. Today before I came into this building I decided to revisit the reasons I ran for this office in the first place and looking back I was struck by one key reason and that was to stop kicking the can down the road when it comes to our budget. As I said, I respect the work that has gone into this proposal but I look at it as a band-aid to a bullet wound. I don't think this meets our needs and I don't think this addresses our challenges. While people have told me look, Alderman Corriveau, \$1 million more to the schools... One million dollars in my mind doesn't even get us halfway between the \$3.6 million deficit between the tax cap budget and the needs budget; it doesn't even get us halfway. There are some other minor reasons too, but it just got to the point where I just can't do these types of budgets anymore. While I respect the work and the effort, I just can't bring myself to do this anymore so I will be in opposition.

Alderman Levasseur stated I have a question on a procedural issue as far as what occurs if the teacher's union comes forward and the numbers keep getting bandied all over the place: \$4.5 million, \$3.5 million, \$1.8 million but whatever the savings are let's just say the budget is approved tonight and two weeks later the negotiation committee comes to an agreement with the MEA. What happens to the money...

Mayor Gatsas interjected the contract has to come to this board first.

Alderman Levasseur replied I understand that. I am talking about when it is finalized where does it go?

Mayor Gatsas responded it would go to the School District.

Alderman Levasseur asked what line item? Does it go automatically or could they put it into all of their trust funds that have been depleted?

Mayor Gatsas answered they can do with those funds as they wish. They could hire teachers or put it in the medical reserve account and if they change their line items in their budget they can hire more special ed teachers or finish the building at Beech Street School.

Alderman Levasseur replied so in other words they have complete control over that money that would be saved?

Mayor Gatsas responded correct.

Alderman Levasseur stated I bring that up because the \$1 million, and I agree when I saw that the paraprofessionals did come forward and a couple of other unions may be coming forward that I was very, very disappointed because last year this board went out on a limb and spent a few extra million that we were criticized for. This year I was working very hard and I believe Alderman Craig was and other aldermen and we were trying to get more money to the board this time around but once the story came out in the paper that they were not willing to agree on a contract that we think is pretty reasonable and pretty simple and just following what the City side did that it was a pretty strong kick in the stomach. I am probably not going to get anywhere with this but I would like to take that \$1 million and put it in our contingency fund and keep the money on our side. When they get their negotiations done and they save their \$4.5 million they can use that money to give them the \$159 million that they need. My druthers is that we would have

been willing to give them \$1.5 million and with another \$4.5 million in savings they would have been well ahead of the game but it doesn't look like they want to do it. The firefighters did it and saved themselves nine employees and the Police Department did it and saved themselves a whole bunch of employees. Every department on the City side did it. I went out on a limb because those contracts were in place last year. There was nothing we could do. Once you negotiate a contract I am not about going back on a contract and if they didn't want to come back and give us concessions that was their obligation because they had a contract in writing but the contracts are up and they are not coming forward and they are not going to try to do anything to help their own School District. At this point we might lose \$7 million if they don't get their act together over there. Again, I would like to take the \$1 million and put it in a contingency account and when these guys decide that they want to come to the table and get a good contract under way then we can send over the \$1 million. That was one of the points I wanted to make and the other question I wanted to ask was out of the three departments that were... We have a budget line item for \$2.9 for Fleet. How much was it costing us before we created this department? Does anybody have a number? Is there a number that was... What number did the three departments have in 2012? Was it \$2.5 million or \$2 million or \$3.6 million?

Mayor Gatsas stated they can't tell you because they are responsible for the entire...

Alderman Levasseur asked didn't they have separate line items for the maintenance of their vehicles?

Mayor Gatsas answered yes, but remember right now the Fleet Department is responsible for the energy for the entire complex. There was no way of knowing how much that was going to be in 2012.

Alderman Levasseur stated I asked somebody to get me that number tonight but it looks like it wasn't able to be gotten. We were told that this department was going to result in substantial savings and I think we should get rid of that department and send the money back to the departments that had it before. That probably won't happen tonight but I think we are moving too fast with this budget right now in light of all of the things that have come up in the last couple of days and I would rather we wait another week or two to get this budget done so that we had more answers.

Mayor Gatsas called for a recess.

Mayor Gatsas called the meeting back to order.

Alderman O'Neil asked have we done the first step?

Mayor Gatsas answered we haven't voted on it but we need to get the amendments in because if that is the final then we are done and I want to get the amendments first.

Alderman O'Neil asked isn't the first step just to get the money in the right position? We are not approving any budgets?

City Clerk Normand stated you can deal with the surplus and push that to FY14.

Alderman O'Neil stated correct, and then we get into the budgets.

Mayor Gatsas stated we can do that.

Alderman Gamache requested a roll call vote on the motion to transfer the net FY13 general fund surplus, minus any surplus amounts approved to prepay 2013 City retirement costs to the 2014 tax rate.

Alderman Arnold asked can we get some clarification from the city clerk or someone else as to what the series of motions are going to be? I understand that the first motion is to forward the surplus to prepay retirement for next year so that gets it into next year's budget and then we are going to take some amendment motions and then what?

Mayor Gatsas answered then we will take a motion on the budget.

Alderman Arnold asked Mr. Normand, what are the series of votes that need to be taken in order to adopt the budget this evening.

City Clerk Normand stated it is my understanding that Alderman Craig and Alderman Long are going to push the surplus to the FY14 tax rate. That will be the first vote. There is a prepayment of pension costs that needs to be dealt with before we get into the School District resolution and the general fund resolution. Then I believe she spoke about the parking fund resolution. Those are the five motions. There is obviously enrollment and such to deal with some of the other budget resolutions that are sitting on the table but in

terms of the big votes that are coming up they have to be in order of the surplus, the prepayment of pension costs, the School District vote and the general fund vote.

Alderman Arnold asked what if an individual had concerns about how the surplus was spent which was dependent on whatever amendments may or may not come forward?

City Clerk Normand answered then I guess they would vote no.

Alderman Greazzo asked is this to put all surplus towards the 2014 tax rate?

Mayor Gatsas asked could we have clarification from the finance officer on the sheet before us it is showing us a fund balance surplus of \$1,632,500?

Mr. William Sanders, Finance Officer, responded yes.

Mayor Gatsas asked and that entire amount would go towards reducing the tax rate?

Mr. Sanders answered yes, and if there were any surplus over and above that the motion reads that all surplus of the general fund in excess of the amount required for prepayment of the pensions will go to reduce the tax rate. Now once that revenue is obtained, I want to clarify that it can be appropriated but it can only be appropriated here tonight and I think the plan is that some of it will be appropriated or all of it will be appropriated. If there are additional amounts, it would reduce the rate below the 2.1% that is currently on the tax schedule that you have.

Alderman Greazzo asked so this \$1.6 million is attached to the 2.1% tax rate?

Mr. Sanders answered correct.

Alderman Arnold asked we aren't going to take the amendments before we decide how the surplus is going to be spent correct?

Mayor Gatsas answered correct.

A roll call vote was taken on the motion to transfer the net FY13 general fund surplus, minus any surplus amounts approved to prepay 2013 City retirement costs to the 2014 tax rate. Aldermen Gamache, Craig, Ludwig, Long, Roy, Osborne, Corriveau, O'Neil, Levasseur, Shea, Katsiantonis, and Shaw voted yea. Aldermen Arnold and Greazzo voted nay. The motion carried.

***Alderman Craig** moved that the resolution authorizing the Finance Officer to utilize funds from the fiscal year 2013 budget to fund a prepayment of \$750,000 for fiscal year 2014 City pension costs be amended with a new total of \$540,000 and that it be enrolled. **Alderman O'Neil** duly seconded the motion.*

Alderman Levasseur asked is there a reason it went down? I thought the mayor's budget was \$750,000.

Mayor Gatsas stated we only had \$540,000 and by the time you folks got the budget there was \$210,000 that had to be batted back to get the \$750,000.

***Mayor Gatsas** called for a vote on the motion. The motion carried with Aldermen Arnold and Greazzo duly recorded in opposition.*

***Alderman Craig** moved that the resolution appropriating to the Manchester School District in the sum of \$155,724,449 for FY2014 be amended with a new total of \$156,724,449 and be enrolled. **Alderman O'Neil** duly seconded the motion.*

***Alderman O'Neil** requested a roll call vote. Aldermen O'Neil, Levasseur, Shea, Katsiantonis, Shaw, Gamache, Arnold, Craig, Ludwig, Long, and Osborne voted yea. Aldermen Greazzo, Roy and Corriveau voted nay. The motion carried.*

***Alderman Shea** moved to add \$50,000 to the MEDO budget and to add \$200,000 to the Central Fleet Department with the money be taken out of contingency. **Alderman Craig** duly seconded the motion.*

Alderman O'Neil stated I think in the budget that has been proposed you have set up to address the MEDO. The money is in contingency correct?

Alderman Craig answered yes.

Alderman O'Neil stated regarding money for Fleet Services, we know that the Fire Department is looking for \$200,000 and the Police Department is looking for \$200,000... We could start going down the line to every department. I don't want to misquote you, Alderman Craig, but in your statement earlier you said there is money there if departments are in trouble but we are going to ask the departments to try to manage their budgets as presented tonight without adding any additional money, correct?

Alderman Craig answered correct.

Alderman O'Neil stated so once we start with Central Fleet we are going to have to put money in every department. Every department needs more money but we are asking them to do the best they can. I am going to vote against it because we are opening a door I don't think we want to open.

Alderman Shea stated other departments were obviously given the money they were needed and this department was not given the money they needed. They had to come back to us for \$200,000 and basically they are going to have to come back if they are operating a budget in 2013 and need \$200,000. To not allow them to come back here when we have a surplus... To have them have to come back when they know they are going to need the money makes no sense. We have the money and we should allow them to operate according to what they need. We gave Fire and Police what they needed. They are not coming back to us but this department had to come back. We can discuss this back and forth but I suggest we have a roll call vote and if people want it vote it down they can.

***Alderman Arnold** requested a roll call vote on the motion to add \$50,000 to the MEDO budget and to add \$200,000 to the Central Fleet Department with the money be taken out of contingency. Aldermen Arnold, Corriveau, O'Neil, Levasseur, and Greazzo voted nay. Aldermen Craig, Ludwig, Long, Roy, Osborne, Shea, Katsiantonis, Shaw and Gamache voted yea. The motion carried.*

Alderman Levasseur stated under the consent agenda there is a request that we increase the fees in the building department and I would like to take the money out of contingency to fully fund the building department.

***Alderman Levasseur** moved to take \$60,000 from contingency and put it into the building department's budget.*

Mayor Gatsas asked Alderman Craig, have you allocated the fees?

Alderman Craig answered we wouldn't be changing the allocation to the building department, we would just be subtracting out the revenues we anticipated from the increase in fees so there wouldn't be any additional money in their line item.

Mayor Gatsas asked so we wouldn't add \$60,000 to the line item, they would just be removing \$60,000 from the general fund as a revenue?

Alderman Craig answered yes.

Alderman Levasseur amended his motion to take the \$60,000 in increased revenue from the building department out of the FY14 budget. Alderman Craig duly seconded the motion.

Alderman Greazzo stated so you are just offsetting one debt for another basically. There is a 500% increase on some of these permit fees so I would be opposed to that.

Mayor Gatsas called for a vote. The motion carried with Aldermen Shea, Greazzo, Arnold and Corriveau being duly recorded in opposition.

Alderman Craig moved that the resolution raising monies and making appropriations of \$134,970,938 for the fiscal year 2014 be amended to reflect the changes as discussed with a new total of \$136,820,338 and that it be enrolled. Alderman O'Neil duly seconded the motion.

Mayor Gatsas asked that is just the withdrawal of the revenues from the fee side of \$60,000 and then \$250,000 that is coming from contingency and moving to the two other departments?

Alderman Craig answered correct.

Alderman Gamache requested a roll call vote. Aldermen Gamache, Craig, Ludwig, Long, Roy, Osborne, O'Neil, Levasseur, Shea, Katsiantonis, and Shaw voted yea. Aldermen Arnold, Corriveau, and Greazzo voted nay. The motion carried.

Alderman Craig moved that the resolution appropriating to the Parking Fund the sum of \$5,000,000 from parking revenues for the fiscal year 2014 be amended with a new total of \$5,054,400 and that it be enrolled. **Alderman Long** duly seconded the motion. Mayor Gatsas called for a vote. There being none opposed, the motion carried.

City Clerk Normand stated the remaining resolutions need to be read by titles only.

On motion of Alderman Craig, duly seconded by Alderman O'Neil, it was voted to suspend the reading by titles only.

Alderman Craig moved that the remaining budget resolutions and appropriating resolutions ought to pass and be enrolled. **Alderman O'Neil** duly seconded the motion. Mayor Gatsas called for a vote. The motion carried with Aldermen Arnold, Corriveau and Greazzo duly recorded in opposition.

Mayor Gatsas stated I know you and Alderman Long worked hard on this. I compliment you both. It is not an easy task. As I have always said, the questions are easy and it is the answers that are difficult.

Alderman O'Neil stated on behalf of the board I want to again thank Alderman Long and Alderman Craig for their efforts. I think we would be remiss if we didn't recognize the Finance Department and Bill Sanders and Guy Beloin and the rest of their staff for their efforts.

Mayor Gatsas stated as I told Guy Beloin, this process starts all over again in five months.

Alderman O'Neil stated the departments were also very cooperative and provided whatever information was needed so they deserve a word of thanks as well.

Alderman Levasseur stated if the School District comes back with \$4 million in money, do they add that to the total budget number or has the total budget number been created and it cannot be increased?

Mayor Gatsas stated the \$156 million that we voted on today is the budgeted number for schools.

Alderman Levasseur asked so next year if there is a 3% increase in the CPI they will only be able to use the \$156 million number instead of if they would have come to the table today...

Mayor Gatsas interjected no, because those numbers from the savings in health insurance would stay in their budget so it does not affect those dollars. They still have them to spend.

Alderman Levasseur responded but we base our tax cap on a budgeted number, the total number from the previous year and the previous year number is not going to increase at all but stay at the number we just voted for, correct?

Mayor Gatsas answered correct.

Alderman Levasseur stated but if they had negotiated we wouldn't have been able to apply that money in their budget and increase the base?

Mayor Gatsas responded no. The base would not go up with the savings if the teachers came forward. The base would remain at \$156 million.

CONSENT AGENDA (ITEMS 3-21)

Mayor Gatsas advised if you desire to remove any of the following items from the Consent Agenda, please so indicate. If none of the items are to be removed, one motion only will be taken at the conclusion of the presentation.

Accept BMA Minutes

4. Minutes from the December 18, 2012, BMA meeting and the April 1, 2013 Special BMA meeting.

Approve under supervision of the Department of Highways, subject to funding availability

5. Sidewalk Petitions:

279-283 Orange Street
161 West Haven Road
1098 Hayward Street
200-202 Gold Street

Information to be Received and Filed

6. Communication from Leon LaFreniere, Planning and Community Development Director, regarding NSP III funds for 450 Lake Avenue.
(Note: This item is to be discussed at the 6/03/13 CIP Committee meeting and to report to the BMA at this evening's meeting.)

REFERRALS TO COMMITTEES

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

7. Communication from the International Institute of New England requesting a waiver of licensing fees for their business license renewal for the Common Earth Farms Program.

REPORTS OF COMMITTEES

COMMITTEE ON ACCOUNTS, ENROLLMENT & REVENUE ADMINISTRATION

9. Advising that it has accepted the City's Monthly Financial Reports (unaudited) for the first ten months of fiscal year 2013.
(Unanimous vote with the exception of Alderman Arnold who was absent)
10. Advising that it has accepted the following Finance Department reports:
 - Accounts Receivable over 90 days
 - Aging Report
 - Outstanding Receivables*(Unanimous vote with the exception of Alderman Arnold who was absent)*
11. Recommending that the payment agreement for the City's revolving loan fund with Cedar & Oak be accepted.
(Unanimous vote with the exception of Alderman Arnold who was absent)

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

15. Recommending that the request from the Purchasing Agent for permission to continue disposing of City surplus online be approved.
(Unanimous vote with the exception of Alderman Katsiantonis who was absent)
17. Recommending that ordinance amendment:

"Amending the Zoning Ordinance of the City of Manchester by deleting Article 7.01(D) and by transferring the duties of the Millyard Design Review Committee to the Heritage Commission."

be approved.
(Unanimous vote with the exception of Alderman Katsiantonis who was absent)

18. Recommending that the proposed agreement with Pinard Waste Systems to use the City's automated vehicle wash system be approved, subject to the review and approval of the city solicitor.
(Unanimous vote)

20. Advising that the communication from Mayor Gatsas requesting closing Hanover Street from the Citizens Bank alley entry to Elm Street on Thursdays for the Farmer's Market has been received and filed.
(Unanimous vote)

HAVING DULY READ THE CONSENT AGENDA, ON MOTION OF ALDERMAN O'NEIL, DULY SECONDED BY ALDERMAN LONG, IT WAS VOTED THAT THE CONSENT AGENDA BE APPROVED.

REFERRALS TO COMMITTEES

COMMITTEE ON FINANCE

8. Resolutions:

"Amending the FY 2013 Community Improvement Program, transferring, authorizing, and appropriating funds in the amount of One Hundred Eighty Eight Thousand Eight Hundred Ninety Six Dollars and Seven Cents (\$188,896.07) for the FY 2013 CIP 410013 Emergency Generator Central."

"Authorizing the Finance Officer to effect a transfer of One Hundred Eighty Eight Thousand Eight Hundred Ninety Six Dollars and Seven Cents (\$188,896.07) for the 410013 Emergency Generator Central."

Alderman Roy stated I know this is only a referral to committee but there is a typo in it. It is \$188,896.07 but in the text it says \$108,896.07. That carries on to Item 36 and it is incorrect on the Finance agenda.

On motion of Alderman Roy, duly seconded by Alderman Long, it was voted to refer it to committee with the corrections.

REPORTS OF COMMITTEES

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

12. Recommending that the request from Cigna to hang a banner across Elm Street to mark the official start of their annual road race on Thursday, August 8, 2013.
(Unanimous vote with the exception of Alderman Katsiantonis who was absent)

- 13.** Advising that the banner application from Our Lady of the Cedars Church for the Elm Street location for a two-week time period from August 5, 2013 to August 19, 2013 has been approved.
(Unanimous vote with the exception of Alderman Katsiantonis who was absent)

Alderman Roy stated we used to get the certificate of insurance with these requests and I haven't seen them for these two. I just want to make sure that we are checking that certificate and the date range to make sure that it is the same as when the banner is going to be up.

City Clerk Normand stated we will check on that.

On motion of Alderman Long, duly seconded by Alderman Ludwig, it was voted to approve the reports and adopt the recommendations.

- 14.** Recommending that the request from the Parks and Recreation Division for a waiver of all licensing and permitting fees for the City's Independence Day event be approved.
(Unanimous vote with the exception of Alderman Katsiantonis who was absent)

Alderman Greazzo stated in looking at this request from the Parks & Recreation Division they want a waiver of all licensing and permitting fees and I can understand that for the department themselves but this also applies to all the vendors. Who then decides who the vendors are who get to participate in the event for free and does anybody prevent somebody else from setting up a table there at that point?

Mr. Kevin Sheppard, Public Works Director, stated I am not too sure if the request is to waive the fees for all vendors.

City Clerk Normand stated actually it is an exempt license so the license will be issued if the board so chooses to waive the fees as they do traditionally each year, but vendors still have to be approved and signed off by the various departments.

Mayor Gatsas asked do those vendors have to pay a fee?

City Clerk Normand answered not to the City. If there is an arrangement that they pay Parks & Recreation I am not aware of it but that is a question Kevin might be able to answer.

Alderman Greazzo asked is that applicable to anybody who wants to participate in this event? As long as they get the sign offs they can participate for free?

City Clerk Normand answered no. The permit is issued to the Parks & Recreation Department for this event. Vendors who want to participate have to contact Parks & Recreation to be a part of the event on that date. The license is issued and there can be no other licenses issued for that event at that location.

Alderman Greazzo asked so the license is issued to Parks and then Parks picks who they want to participate?

City Clerk Normand replied that is correct.

***Alderman Roy** moved to approve the report and adopt its recommendations. **Alderman Long** duly seconded the motion. Mayor Gatsas called for a vote. The motion carried with Alderman Greazzo being duly recorded in opposition.*

16. Recommending that ordinance amendment:

“Amending the Building Code of the City of Manchester, by increasing the minimum fee for permits and by modifying the method by which plumbing permit fees are calculated.”

be approved.

(Aldermen O’Neil, Shea and Gamache voted yea, Chairman Greazzo voted nay and Alderman Katsiantonis who was absent)

Alderman Greazzo stated I am not sure if we just deal with this but I would be opposed to this on its base. The current fee is \$10 and they want to raise it by 500%. I am not in favor of that.

***Alderman Greazzo** moved to receive and file the report. **Alderman Levasseur** duly seconded the motion. Mayor Gatsas called for a vote. The motion carried with Alderman O’Neil being duly recorded in opposition.*

19. Advising that the communication from the Chief of Parks and Recreation regarding breakfast in the park has been received and filed.
(Aldermen O’Neil, Shea and Gamache voted yea, Chairman Greazzo voted nay and Alderman Katsiantonis who was absent)

Alderman Greazzo stated this was a request by an organization that wanted to feed the homeless in the park. I voted against it in committee because I believe they applied for a permit and if they want to have an event in the park they are entitled to just like any other organization. I am actually in favor of them getting their permit.

Alderman O'Neil stated we were told at the meeting I thought that this was resolved and the religious organization is going to do it somewhere else.

Mayor Gatsas responded that is correct. They are doing it at the Salvation Army.

Alderman Greazzo stated the point is that their original intent was to use the park and for whatever reason they were negotiated away from it and I don't believe that is the spirit of what our public parks are for.

Alderman O'Neil replied I don't disagree with you, Alderman Greazzo.

Alderman Long stated this organization is happy with the arrangement they now have and actually they prefer to be at Salvation Army because it is an enclosed area. They don't prefer the park because people get the meals and they go and sit away from what their intent was. They would rather be in the Salvation Army. The only issue they had is they believe there are about 50 people they aren't able to reach out to and if they could serve sandwiches to those folks then it would be a win-win for them and that was arranged through the Health Department so this is what they wanted.

Alderman Greazzo responded okay, it just seemed odd to me that they made the request and then chose not to follow through.

Alderman Roy moved to receive and file the report. Alderman Long duly seconded the motion. Mayor Gatsas called for a vote. The motion carried with Alderman Greazzo being duly recorded in opposition.

21. Recommending that the communication from Mayor Gatsas regarding water shutoff for non-payment of EPD bills be referred to the ERP Steering Committee.
(Unanimous vote)

Alderman Greazzo stated this is an item that you brought forward last year, Your Honor, to consolidate the EPD and water bill and those who did not pay their sewer bill

would have their water turned off. With the program problems that we have had at Information Systems, it has made this problematic but I would still like to keep the idea alive and move it forward in some respect once we get something to replace the Innoprise system.

Mayor Gatsas responded I think the report recommendation is to refer it to the ERP Steering Committee.

Alderman Greazzo stated I thought that is where it was originally headed but got held up in committee.

Alderman Greazzo moved to accept the report and adopt its recommendation. Alderman Roy duly seconded the motion.

Mayor Gatsas stated maybe we can ask them to take a look and see if we can save some money on printing bills that would have one on one side and one on the other and only one envelope and one stamp and then we can effectively do what we need to do.

Mayor Gatsas called for a vote. There being none opposed, the motion carried.

Alderman Greazzo moved that the water and sewer bills be combined. Alderman Roy duly seconded the motion. Mayor Gatsas called for a vote. There being none opposed, the motion carried.

REGULAR BUSINESS

22. Nomination(s) to be presented by Mayor Gatsas, if available.

There were none.

By unanimous consent, it was agreed to take up Item 25 of the agenda:

25. Update from William Sanders, Finance Officer, on the parking demand study.

Alderman Levasseur moved to table the item. There was no second.

Mayor Gatsas asked can you do it without the Powerpoint?

Mr. Sanders answered yes, we can.

Alderman Levasseur asked is there a report on the borings?

Mayor Gatsas replied I think right next to the gentleman who is going to do the report there is a boring expert.

Alderman Levasseur asked is there anything in writing that can be handed out?

Mr. Sanders replied no.

Alderman Shea stated I think we got something electronically.

Mr. Sanders responded we sent the parking demand study. Mr. Flotz, the gentleman in the middle, worked on that and Mr. Penny to his left is with GeoInsight which were the technical folks who looked at the environmental matters and the geotechnical issues at the site. Mr. Penny's report will probably be available tomorrow and we will get it to the aldermen electronically. We did send Mr. Flotz's report electronically. Mr. Flotz is with the Lansing Melbourne Group and has conducted a parking demand study which was part of the recommendations that came out of the report that he issued last fall on the millyard and the current status of parking there and Mr. Penny has done the technical review of the Bedford Lot and they are here tonight to report the results of the study and take any of your questions.

Mr. Peter Flotz, Lansing Melbourne Group, stated in March of this year...

Mayor Gatsas interjected do you have any money left that you haven't spent?

Mr. Flotz answered yes. In March of this year the aldermen had asked us to continue some work that we started last year. We have been working on the parking system here for about seven years starting with a macro master planning study of the entire downtown area. Last year we focused on how things were going based on recommendations we had made to create the system. We reported that to you last summer. Then in March you asked us to look further into some specific recommendations we had made about parking demand in the millyard and where that had gone and where we felt it was today. There were two things that we focused on. One was we went out and actually interviewed most of the owners of mill buildings. We found that there has been a significant increase in activity since we originally started working here in 2006 and even since last year. There has been an increase in population in the millyard. Two particular things have happened. One is that the millyard buildings themselves have filled more than they were before but

more importantly and more difficult to detect, the character of employment in the millyard appears to have changed and it seems that companies are growing in the space they are in as opposed to adding more space or moving somewhere else. Part of that is a function of the fact that the millyard is basically filling up. We believe that it is about 85% full right now, which may well be a practical limit to how full the buildings can get given their age and some of the issue with air conditioning and fire exits and second, because the character of the buildings is attracting a certain type of tenant that is able to put more people per square foot than companies that have been there historically. In our report we give you a list of some representative folks who we had talked to. I will apologize now for a typo on page four. There is not 3.9 million square feet of space in the millyard. There are 2.3 million square feet. We had surveyed with the tax collector exactly how much space there was from Granite Street north. We think there is about 250,000 square feet vacant today. One of the things we found that was prevalent, no matter who we saw, was that there is a certain what we call cool factor and I didn't know how to write a funk factor in the report but a cool factor for lack of a better word that people are very attracted to. The only real appreciable non-peak uses are the UNH campus, which has 60% of their students at night and the rest of the activity pretty much happens 9 a.m. until 5 p.m. We talked about employee density. We believe, just to give you an example, there is an insurance company called Riverstone that is in the millyard that has been there for quite some time. They have about 200 people in about 100,000 square feet or two people per 1,000. There is a young new company by the name of Dyn that most of you have heard of before. They have 200 people in 30,000 square feet or almost seven people per 1,000 and adding more by the minute. We believe that that may well be one of the biggest drivers with what is happening in the millyard right now from a parking standpoint. You can no longer use traditional metrics like cars per square foot but you have to really start getting into the spaces and understanding what is going on. We talk a little bit about what we call shadow demand where people are buying permits but not using them. We believe that that practice continues. In fact we know the practice continues. As space fills up, landlords like to have permits available so that they can offer them to their tenants. It is very important to them and very valuable to them. A fair number of them are spending a fair amount of money to do that. So what is happening right now and where are we going? We know that a 50,000 foot tenant has recently been signed at the north end of the mill. They are looking for 200 permits. Dyn is doubling in space and they are looking for another 200 spaces. We also believe there is a bit of a shortfall in short term parking in the millyard and could use another 40-50 spaces. Currently we are oversold on spaces. We have 1,500 spaces in the millyard that the City controls and we have sold about 2,000 permits for those 1,500 spaces. So all in all we believe that a demand exists today for somewhere between 400 and 500 cars minimum.

We believe that the Bedford Lot is the most appropriate place to start looking at answering that demand. It doesn't take a parking consultant to figure that out. It is in the middle and it makes sense. It shares walking distance throughout. We have a pretty high level of confidence that in fact that demand is there today. So our report talks a little bit about what it might cost to answer that demand. If we wanted to add 500 cars in the Bedford Lot we are talking about a \$10 million facility. We talked a little bit about the fact that, as we have spoken to you about before, garages do not pay for themselves. You have gotten an economic benefit in the City in that the charges for parking are fairly low here and the permit charges in a garage don't really cover what you would have to take out so one of the things we talk about in our report is looking at trying to figure out different ways to cover that gap. Whether you make a decision that in fact you are going to take part of your operational money from somewhere else, and do that and based on what I just heard that doesn't sound like reality, or there are other ways you can do it either through ancillary uses that you may build on top of the garage and charge someone air rights rent or start making adjustments in the fees you charge for parking. We have given you some examples of that and we have made some recommendations about moving forward and studying the feasibility of the site itself for a building and what kind of buildings could fit there and looking at the market and what users are available and how you might directly finance this or what it might cost so we can come back and give you hard answers on that. In the middle of the study as we started looking at the Bedford Lot and saw the evidence that there was significant demand. We came back last month and asked you for additional resources so that we could retain Mr. Penny here to do some soil borings and some Phase I environmental to make sure that we weren't recommending a structure on a site that couldn't be built on. We brought him here for any questions. I know that you don't have the report in front of you so it is difficult to ask questions, but bottom line is what we found is that as suspected, there was a mill building on the site and there is a fair amount of rubble on the site. It goes from deep at the south end to shallow on the north end. It essentially follows the bedrock. We are proud to say that we broke three bits drilling on New Hampshire granite. I think we hit the walls of the canal and I think we found the pen stock but we did find bedrock almost at the surface at the north end and about 16 inches to 18 inches below at the south end. The conclusion we came to is there are no unusual things on the site that we wouldn't expect to find in the millyard. There is nothing unusual about how we might build a foundation system and we didn't find any kind of environmental nightmares there. It appears to be a space that can be built on. If you have questions for Mr. Penny he is here and if you have questions for me I would be happy to answer them.

Mayor Gatsas asked Mr. Sanders what is your recommendation to this board?

Mr. Sanders stated I concur with the report. I think it is very well done and very on point. I think anyone who spends time in the millyard area in the day time understands that we have a substantial amount of on street parking and we have few options to expand in the millyard other than building up. I am not proposing this evening that we build a parking garage, but I do think that because there are significant financial matters that need to be addressed and clearly laid out for the aldermen on how a parking garage might contribute to paying for itself and what other options, if any, might exist in finding sources of funds or building on top of the garage to help defray the cost. Our proposal to the aldermen is that you take a vote to authorize me to request a proposal for a fee estimate for Mr. Flotz to work with us and help us develop two or three options and alternatives that have much more in-depth understanding of design issues and construction issues and alternative uses for the top of the building so to speak, as well as working through the financing alternatives that we might have in greater depth potentially with business and property owners in the millyard as well as what it might look like if the City were to finance such a thing. Our current estimate is that I would come back with that proposal at the July meeting hopefully and if I received your authority to engage Mr. Flotz additionally our hope at the moment is that in no less than 60-75 days Mr. Flotz would be coming back with definitive assessments and proposals and recommendations that the aldermen could consider and take a vote on. I am also hopeful, if I can say this, that those in the community that would benefit from this potential investment would be helpful and supportive in assisting us in the analysis and estimates and in promoting the project if that is the route we end up taking to the broader community because it is a community effort and a community project and it is a significant amount of money any way you cut it. This evening all we are asking for is your authorization for me to get a fee estimate from Mr. Flotz to move this to drawings and diagrams and cost estimates that you can have confidence in and financing alternatives based on those estimates and analysis.

***Alderman Long** moved to authorize Mr. Sanders to get a proposal from the Lansing Melbourne Group to develop two or three options or alternatives for a parking garage in the millyard. **Alderman Roy** duly seconded the motion.*

Alderman O'Neil stated I want to thank Peter. He has a knack of writing these reports so that they can be understood by the elected body which is not easy for an engineer to do and he does a very good job. Peter, am I correct that this is all about retaining and attracting jobs to the millyard and we are on that threshold now where whether you are a building owner with the ability to bring a new firm in or retain a firm or you are a current

tenant that you may be looking, if this parking issue doesn't get resolved, outside of the millyard area? Am I correct with that?

Mr. Flotz answered our conclusion at this point compared to where we started seven years ago is that all of the elasticity in the millyard is gone. You are at a point where you have to make a decision and I would say yes, I agree with you. You have to make a decision now about whether or not you want to be able to have additional capacity there for more growth.

Alderman O'Neil replied I think you can start at Granite Street and go north. A number of years ago my belief was we almost lost Autodesk over the parking issue and you have Texas Instruments there and Riverstone in the next building and you can go right up the line. You have this great company called Dyn on Dow Street that is talking, if I understand correctly, about doubling their work force within a year and we don't have parking spaces for their employees. We have some great opportunities right now. I know the Brady Sullivan people are excited about this. I reached out to Arthur Sullivan and he asked for a copy of the report. I got it to him and he got back to me and said he agreed with the conclusions that Peter has reached. There also seems to be some interest, and I hope we don't pass it over and I don't know if Alderman Long has had a chance to look at it, but the issue about the short term parking. I think if any of us have ever gone down there to try to do business in any of the buildings there is no place to park and I think one of Peter's recommendations is creating a limited number of short term 90 minute to two hour parking spots in many of these buildings. I will be supporting Alderman Long's proposal to get the proposal from Lansing Melbourne and to take the next step. I think the business community, both the building owners as well as the tenants in the millyard, will be supportive of us continuing to move forward and trying to address the parking issue that exists. Thank you for a good job, Peter.

Alderman Craig stated I just want to confirm a couple of things. This motion doesn't lock us into anything and there is no cost associated with us going out for an RFP, correct?

Mr. Sanders answered correct.

Alderman Levasseur stated I am just kind of surprised by this board. After reading the report... I don't know and I think I asked this question the last few times we brought this up if we were building a parking garage and no one would give me a direct answer. I just think we should have done an RFP in the first place and let someone else deal with it.

We won't even bond an addition to Beech Street School or the building of walls in there and all of the sudden we want to go and bond \$10 million for a parking garage. Do you think someone is just going to come along and build it?

Alderman Greazzo stated there has been a lot of commercial growth in the millyard and that probably is driving to a large measure economic growth in this City. To the extent that... In your conclusions you say economic growth has occurred to such an impressive scale in the millyard that if we don't invest in infrastructure like this it is at risk of not continuing. Would that be accurate?

Mr. Flotz responded yes, that would be our conclusion.

Alderman Greazzo stated I want to talk about not just parking but economic growth. Your conclusions are that this facility is essential to continued economic growth in the millyard, correct?

Mr. Flotz answered yes. What I have told people before is if I am in front of you making a presentation, you probably have a really good problem.

Alderman Greazzo asked so you would, therefore, say that you were impressed meeting with all of these stakeholders while conducting this study with the growth that has occurred and while some people on this board may view this as a problem, in fact it is a problem borne out of economic opportunity, correct?

Mr. Flotz answered correct. It is a different place in the millyard today than it was in 2005 and 2006 when we first did our work; completely different.

Alderman Greazzo stated thank you for your work.

Alderman O'Neil stated Peter, I think you said Riverstone has about 200 employees and Dyn has about 200 and you gave the square footage.

Mr. Flotz responded Riverstone is at 100,000 square feet and one of the most beautiful offices I have ever been in and Dyn is in 30,000 square feet and probably one of the most fun offices I have ever been in.

Alderman Levasseur asked Mr. Sanders have you looked at the numbers on the amount of parking spaces and the amount of revenue that would be generated by the spaces and can you tell us what the cost would be? Have you looked at that at this stage?

Mayor Gatsas replied I think that is what we are authorizing him to do.

Alderman Levasseur stated well we have other garages in the City. Are they paying for themselves?

Mr. Sanders responded some of them, like Victory Garage for example, was built many years ago and the debt service is minimal there. Just a general view of it is assuming a garage was \$10 million and the City outright bonded \$10 million we would be looking at debt service, depending on what interest rates do, somewhere in the \$700,000 to \$800,000 range annually. If it was a 500 car garage and I am using very round numbers here, and we charged \$75 per month we would be generating approximately \$400,000 to \$450,000 a year in parking revenue. Mr. Flotz talked a little bit about raising rates in certain areas but this is setting that aside for the moment. Generally we might be looking at a shortfall in round, cold numbers without really having solid construction numbers or solid financing options, of about \$200,000 to \$300,000 annually. That is not an insignificant number. Parking garages are kind of a necessary evil. I am not advocating for taking on \$250,000 or \$300,000.

Alderman Levasseur stated that isn't my concern. Is a parking garage in an enterprise or would that be right on the tax rate for the whole City?

Mr. Sanders replied it would be in the Parking Division so it would be in an enterprise fund but the parking enterprise is unique among all of the enterprises in that it pays a dividend to the City each year for the amount of revenues in excess of expenses. If we are unsuccessful in substantially addressing this shortfall, all things being equal, it would reduce the parking dividend by \$250,000 to \$300,000. My objective as I go into this would be to parse through that and really get that figured out.

Alderman Levasseur stated I have one more quick question. If you took all of the other debts of all of the other garages could you bond all of that at one lower rate or are you pretty much at the bottom of the rate you could get anyway?

Mr. Sanders answered we are a AA credit as you know. Bond holders are looking for long-term indebtedness of 20 years. I think if the rates are... We have refinanced quite a bit over the last five or six years and I don't think there is much opportunity in rates.

Mayor Gatsas called for a vote on the motion to authorize Mr. Sanders to get a proposal from the Lansing Melbourne Group to develop two or three options or alternatives for a parking garage in the milllyard. The motion carried with Aldermen Levasseur, Greazzo and Arnold being duly recorded in opposition.

Mayor Gatsas stated so we get a clear understanding, this has no bearing on cost to the City at this point or whether we have taken a vote to build a garage. Correct?

Mr. Sanders replied absolutely correct.

Mayor Gatsas asked if we find a public/private partnership that comes forward, that can also be addressed in our July or August meeting?

Mr. Sanders answered yes, and we encourage them.

Alderman Levasseur asked where are you going with that, mayor? Are you going to try to find somebody to buy the property like we did with Bridge Street?

Mayor Gatsas answered I am not necessarily thinking of selling the property but I think we need to do a public/private partnership with some of these companies that come in. It is not just about leasing space but we condominimize the space and they own them. I think that is on the table and gets it all tied up in a nice clean bow and we are all participating together.

Alderman Levasseur asked did we sell the garage at 1000 Elm Street?

Mayor Gatsas answered we did.

Alderman Levasseur responded why did we do that?

Mayor Gatsas stated I am not sure. I voted against selling it because we sold it at ten cents on the dollar and we sold the Center of New Hampshire at ten cents on the dollar.

- 23.** Presentation of the AFSCME, Local 3912, AFL-CIO collective bargaining agreement.

Alderman Greazzo moved the item for discussion. Alderman Katsiantonis duly seconded the motion.

Mr. John Avard, Ward 10 School Committee Member, stated I was chair of the negotiation committee. We have the remainder of the negotiation committee here – Chris Stewart and Sara Ambrogi in the audience as well and we also have Dr. Brennan and Paula Wakefield, the director of HR at the School District. With me here I have Karen DeFrancis, our business administrator and I believe you all know Attorney Matthew Upton who has helped us with our negotiations; he was our chief negotiator. I don't know, having never done this before, how much of a presentation you want. You have all been provided with copies of the contract. It has been approved unanimously with one abstention from the mayor. It was approved overwhelming by the bargaining unit on a ten to one basis. At this point I think I will open it up to questions from the board.

Alderman Long stated thank you, Commiteeman Avard. You and the negotiation team did a great job. It is not exactly perfect but on a whole... I have a few questions. On page two, article three, maintenance and membership, it says "any employee who is in the bargaining unit and not a member of the union but wishes to have the union represent" I am wondering if that is a labor standard. From what I understand, in public sector unions you don't have to be a member of the union and the union is required by federal labor law to represent you. In this they are taking that away. Can that be done?

Mr. Matthew Upton, Chief Negotiator, stated this is a form of what is known as agency fee. This is a reduced agency fee. Most agency fee arrangements require the employees who do not join the union to pay something close to what normal dues are. What this is is a watered down agency fee where if they want representation they are going to have to pay for the representation but they are not paying it on a monthly basis.

Alderman Long asked on Article 4(H) is that the same initiative?

Mr. Upton answered yes.

Alderman Long asked in contracts I usually see that if there is a part of the contract that is deemed illegal the rest will stay in. Is that the case with this contract? I didn't see that clause in there.

Mr. Upton replied it is in there depending on which printing you have. In mine it is on page 24 but it is Article 25, atability of the ggreement, and says “should any article, section or portion thereof of this agreement be declared invalid because it is in conflict with a federal or state law or be held unenforceable by any court or competent jurisdiction, such determination shall apply only to the specific article.”

Alderman Craig stated I am looking at 23.1 in our packet. Obviously there is a savings on the insurance side but the COLA at the tax cap rate is an increase. What would you be paying if you stayed within your current contract? What would those costs be? I would just like to compare what the costs are with the COLA at 2.17 with no step or longevity versus... Are there savings or are you paying additional money now?

Ms. Karen DeFrancis, Business Administrator, stated the amount that we pay currently would be a step is worth 3% and longevity is another step and that is at 3% as well. I do have numbers from last year that were worked out as far as when we were negotiating last year and the COLA at 1% would have been \$55,594 and the step with the FICA and retirement was \$83,392. So the total of those two numbers last year was \$138,986. The retirement rate last year was lower than it is this year. There were also 317 paraprofessionals last year and this year we are looking at 307.

Alderman Craig responded I guess my concern here is that in 2015 what did you base that \$152,000 on? What CPI did you use? Did you use 2.17% again?

Ms. DeFrancis replied yes, I did for 2015.

Alderman Craig asked is that the number it would be or would it be the number we encounter that year?

Mr. Upton answered it is specifically tied to whatever number is calculated as the CPI-U number that is used as your tax cap each year. This first year we knew it was 2.17% and it is written such that in the second year and if the contract is allowed to roll over into any consecutive years, for each year it would be the CPI-U number used as the tax cap calculation for the City of Manchester.

Alderman Craig stated I have a question for Mr. Sanders. As we are looking at these contracts, I can't help but think about the rest of the bargaining units and I would like to hear from him whether or not from an entire City perspective we would be able to financially move forward with something like this or not.

Mr. Sanders responded I met with Ms. DeFrancis today and she was kind enough to take me through a good bit of detail on the savings calculations that they have shown to you and I found them reasonable and appropriate. My questions were answered. You asked whether it was applicable across the City. I think that it is. I think that it could be. I think that there are issues when you give everyone the same percentage raise and that sort of thing, but ignoring all of that, I believe that the significant changes that have been achieved in their health insurance plan in one year without any scaling in or ramping in to it, it is the big bang on July 1st and everyone moves into the new plan and it is a more effective plan from the City's point of view than the plan we have today. It has a higher contribution level from the employee and it has somewhat higher co-pays and other plan design changes that we do not yet have. The one that is a little harder to know exactly how it will play out is the salary increase that is associated with the cap. On the positive side, of course, I think it provides a tremendous amount of certainty about where salaries are going in the School District and I think when you dig down a little deeper in terms of what actually has happened to the scale as Mr. DeFrancis was showing me in terms of Yarger Decker, they frozen Yarger Decker completely in this plan and really people will get increases going forward but the underlying steps and salary amounts are not going to change. They will change as you are there on each July 1st and you would get the cap increase that is applicable but the underlying grid does not move now. It is only a two year contract and time will tell how that will work out but on the surface that is good. I have heard individuals ask and I don't think it is an unreasonable request because there are some of us who are older and remember 15% inflation and 10% inflation days and CPI was much higher. What happens then? In the mechanics here I would say it would be offset because it is a blended rate just like our cap is blended. This cap will be blended over three years so it won't be a slam. Once it gets to 15% it will be divided by three and spread a little bit and give us time to renegotiate the contract if it is a three year deal or plan. The issues of longevity steps and a number of other things that are part of the salary scale City wide are eliminated here. I think it is very interesting personally and I think it has application across the City. There are a lot of union negotiations to play out but I think in the cap world it is certainty... If inflation falls this year and right now if you look at where inflation is, we probably stand a chance of being exactly where we are today next year because inflation isn't going anywhere so the School District has certainty as they sit here today about where their salary line is going. The City has a fair amount but with the steps and longevity and A steps and all those sort of things they continue to be a variable.

Mayor Gatsas stated Mr. Sanders, to follow-up on Alderman Craig's question, let's assume for some reason there is a catastrophic situation in the City and this board says we are going to raise the tax cap from 2.1% to 5.5%. What happens then?

Mr. Sanders answered I read the agreement and I defer to the gentlemen down there but I believe it is tied to the CPI tax cap and a vote of the aldermen could not change that.

Mayor Gatsas responded but you could tie it to the CPI tax cap and there are two words in there. If it was tied to a three year average of CPI that would be one statement. When you say CPI tax cap, everybody assumes that like we did tonight, the budget I presented was 2.17% and Alderman Craig shifted some of those revenues to reduce the tax and I ask the question if the tax cap as we would know it is 5.2% what happens?

Mr. Sanders replied if the tax cap is 5.2% then the contract would say they get a 5.2% raise but the question that I thought you asked was if the aldermen overrode the cap would that mean that the collective bargaining agreement was overridden and I didn't read it that way but I defer to the attorneys down there.

Mayor Gatsas stated I think there are two versions of what you are saying and, Mr. Upton, I would be looking for your answer because the record is the record and I don't want anybody thinking that if all of the sudden there was a catastrophe in the City and we had to move the tax cap to get things done that that wouldn't be a raise. Then if it comes down to right now it is 2.17% so they would get a reduction in pay if it went down to 1.5%. Let's assume for a second that tonight the board took the \$2 million in revenues and reduced the tax cap as we know it to 1%. What happens?

Mr. Upton answered I think what you are talking about is if the board moved to override the tax cap and that clearly was not discussed at the bargaining table. It was purely the calculation that the City uses to calculate the amount of the tax cap. It would not pertain to anything that this board did to override or to reduce the tax cap. That would not apply.

Mayor Gatsas stated in the little that I know about negotiations, when you refer to the tax cap you are going to have some other lawyer come in here and challenge us for that increased rate. I think if you were sitting on the other side you would probably...

Mr. Upton interjected we had some extensive discussions about this tax cap issue and the fact that the City cannot continue to fund step increases at 3% and longevity at 3% with a tax cap that is running around 2-2.5% because every time you start to go above

that 2-2.5% line that the tax cap generates, you are talking about layoffs or reductions in services or program cuts. That was really the genesis of this discussion about using the tax cap number; to try to find a way to insure a balanced budget for the School District going forward in the long term where we are not exceeding the amount of revenue generated by the tax cap.

Mayor Gatsas asked how many of the 307 paraprofessionals have exceeded their steps?

Ms. DeFrancis answered 116 would not be entitled to a step this year.

Mayor Gatsas replied so 116 people would be looking at what the COLA would be if it was really a COLA and the other 188 would be looking at steps. Of the 40 people who voted, how many of those were outside of the step?

Mr. Upton stated we are not privy to who voted and how they voted. They didn't provide us with names and positions.

School Committeeman Avard stated there are several who are beyond their annual step and every five years there is a longevity step of another 3% and that is up to the 35th year, I believe. It pretty much goes for the life of their employment. Every five years they get another 3% increase. There were several at the bargaining table who would have been eligible for that particular step and they opted to let it go so that there could be the uniform COLA for all of their co-workers. It was people who had skin the game who were voting to go the other way and let the COLA be spread out.

Mayor Gatsas asked Mr. Sanders, on our side basically the employees who were over their 13 step only got a 1% COLA, correct?

Mr. Sanders replied correct.

Alderman Roy stated I heard there are 307 people in that group and you said 48 voted? Explain that to me please.

School Committeeman Avard stated of the 307 eligible employees, 111 are dues paying union members and 48 were present the day they had the vote. It was put out for all of them and they had a session a week earlier for any eligible employees to come and have an insurance instruction forum here. You have been in situations where not all members of an eligible body are present to vote.

Alderman Roy stated it just seems significant to me because it is less than 50% of the eligible voters. The other people weren't eligible to vote even though they are going to be controlled by this. That is strange. Can I get a clarification from Mr. Sanders? One of my concerns was a year when we had a very high inflation rate and you are saying this would be all right? I asked you about 10% and you think that would work for the City?

Mr. Sanders replied I am not in support of 15% inflation rates or anything like that. The point was that the cap is a three year average of inflation so to actually generate a 15% average it would have to be 15% for three consecutive years and the point I was making is it would provide time to plan for and understand better what was happening and how it affected the City and a contract term is typically only three years so it would give an opportunity to renegotiate and change the contract. That was the point I was making.

Alderman Roy asked was there any discussion about putting a limit on how much the raise could be? In other words, if we have three years at 10%, it is going to be 10%. Was there any discussion about putting a limit on it of like 7% or something?

Mr. Upton not really because of the averaging that we discussed. Keep in mind that we already know what the first year is and that is 2.17% and we are only mandated for two of the three years. The third year we can opt out.

Alderman Roy stated but we would have to have something else to go to.

Mayor Gatsas stated that is not the way it works, Mr. Upton. You will have last year's rate and this year's rate and the you will have next year's rate and if next year's rate is 10%... Let's say the previous two years were 1% and 1%. You would have 12% on the table and that would be a 4% increase.

Mr. Upton responded you are correct.

Alderman Ludwig stated I think it was in the paper that I read that you said where is the upside protection to the potential raises and I think that has been well vetted. Who can tell me what the starting pay rate for a para that starts in September is? Just the salary and then the total compensation package. Can you give me a yearly rate?

Ms. DeFrancis answered the starting rate would be \$11.77 per hour and paras are at either 30 or 35 hours and I am going to do 30 which is what they are currently at. It would be \$13,417 for the year.

Alderman Ludwig asked and they don't even work 183 days correct?

Ms. DeFrancis answered the year that we are in right now they work 180 days and they get paid for nine holidays. Next year we are going to an hourly calendar so that would be 175 days plus the nine holidays.

Alderman Ludwig asked so how much a year?

Ms. DeFrancis responded \$13,417.

Alderman Ludwig asked and under the new health plan that is a total compensation package of what?

Ms. DeFrancis responded we have been averaging a 48% benefit package so that would come out to \$6,440. Again, that is just an average and 48% is kind of a district total but it would depend on whether they take an individual plan or a family plan.

Alderman Ludwig replied \$6,440 is payable by the City.

Ms. DeFrancis stated that is just looking at an average of a 48% benefit package and that is district wide when we look at that. If you were looking at an individual plan, it is probably more in the \$10,000 range and the family plan would be higher than that.

School Committeeman Avard stated that includes FICA, medicare, retirement, health insurance and all benefits combined.

Alderman Ludwig asked so an average first year employee para with benefits is what?

School Committeeman Avard answered about \$20,000.

Alderman Ludwig stated that is not bad. There are 307 paras now. Is there anything in the contract that prohibits... Let's say next year the School Board says let's eliminate 200 paras?

School Committeeman Avard stated the difficulty with that is that we are bound under the IDEA law, which is the Individuals With Disabilities and Education Act. If the para support is written into the student's IEP, their individual education plan, we as a district cannot take that away. The top administration of the district cannot go down to the school level and tell them to take that para out of the IEP. That is considered superior interference and they are not allowed to do it.

Alderman Ludwig stated I understand that but I believe that proposal was on the table the year before last.

School Committeeman Avard responded what we saw with that was a rash of IEPs being written that spring specific with the paraprofessional support in there which bound us for ever being able to implement that kind of a plan.

Alderman Ludwig asked so there is really nothing in the contract that says you can't reduce paras by a number or increase or whatever?

School Committeeman Avard answered there is nothing with that specificity and there was a change in the language for if rifting was necessary due to financial situation. There was a change in the language so it is not strictly based on seniority anymore in compliance with the new state regulations. It is actually tied to skills and training as well. It is a complete change in the rift language.

Mayor Gatsas asked Dr. Brennan, can you tell me if in the IEP is paraprofessional actually written in there or does it talk about support help?

Dr. Thomas Brennan, School Superintendent, stated in some cases it is specific to the number of units that a one-to-one may be required and in other cases it is the unit of service that is required.

Mayor Gatsas asked but the one-to-one doesn't necessarily spell out paraprofessional?

Dr. Brennan answered some they do and some they don't.

Alderman Ludwig stated I just wanted to know the number was. If we had the ability to go down to 50 paras next year and I think I got the answer. Thank you.

Alderman Levasseur stated I understand your scenario if it goes to 5% next year but would you be tied to the 5%? You said that the attorney would be smart enough to come in and argue that since we voted to override to 5% then if that is true we would now be able to but then down to 2.1% because we just voted for a 2.1% budget today instead of a 2.17%. I agree that whatever the fixed CPI is at the time they are going to be stuck with it no matter how the boards votes otherwise we could play games and vote under it. Whatever the CPI is... I am kind of a little bit timid about the CPI although I like it because if you can get rid of the steps. I look at the numbers, Ms. DeFrancis, and wonder if you made an analysis, because it is such a small pool of 307, based on how many would have actually gotten a step and how many would have gotten longevity and then compared it to the 2.17%? When you are looking at a much bigger body like 1,200 employees, that 2.17% could be a lot larger but in a small body I am wondering if you were able to make an analysis on that?

Ms. DeFrancis stated there were 116 people who would not receive a step and 191 people who would receive a step. I gave some numbers earlier but I did find the ones based on this year and the step only would cost \$90,527. Along with the FICA and retirement that would go along with that it would be \$116,427. Again, that is just for the steps. The longevity I am not sure if I have it with me. I know I did have it at one point but I don't think I brought it with me.

Alderman Levasseur asked so it is pretty close to that \$148,000 number?

Mayor Gatsas replied no, because she hasn't instituted the COLA in that. If you applied a 1% COLA to the entire group of 307 what would that number look like?

Ms. DeFrancis responded that would be approximately \$56,000.

Alderman Levasseur asked instead of the \$148,000, correct?

Mayor Gatsas answered yes.

Alderman Levasseur stated I am worried about tying it to the tax cap because if you times the amount of actual salaries to the 2.17% we don't bring in that same amount of revenue. I think that is a pretty reasonable statement to make. If you have \$100 million in salaries and you multiply by 2.17% you are at \$2.17 million in costs. Do you bring in that \$2.17 million in your adjustment? I worry about us going to the CPI every single year because when we go up, if we are allowed to go up 2.7% on our budget for the

expense that we are going to go up, obviously there are a lot more costs associated in that \$2.17 million than salaries in your total budget of \$300 million. It is not only salaries, right?

Mr. Sanders responded that is correct. I appreciate your concern but it does provide certainty and it does provide clarity without any guessing. It will be crystal clear what the number is going to be. When they get their budget this year, if all of their employees were on this form, they would know exactly what their salary number would be.

Alderman Levasseur asked can we eat that number on an annual basis? In other words, if next year it is a nice round number of 2% and we spread that to every single employee can we still maintain our workforce without going over the tax cap itself? Both numbers are not equal because the budget itself does not only contain a salary number in it. It includes debt and some brick and mortar and all of your bonding and gas, oil, electric and all of those other numbers. If you tied that 2.7% strictly to the salary itself on a revenue basis that would make more sense for all of the employees and the City because then you would not have to worry about layoffs. Is there a way you can negotiate that into the contract? That you tie it into the revenues instead of the total budget?

Mr. Sanders answered I would presume anything can be negotiated but if I were the employee I wouldn't know what that meant if you know what I mean. They can understand what their salary is and recognize that they are going to get a 2.17% raise on July 1st but the notion of tying it to revenue and some of the things we went through here tonight... Our tax cap is very complicated and it is too faceted without getting into a tax cap discussion. There may be things learned in the next two years under this contract and maybe others that will require adjustment or consideration on both sides presumably. I think that it is a good step and negotiation is a two-way street and you don't always get everything you want but I think they did very well personally.

Alderman Levasseur stated I agree that it is a good first step. I like the first savings of \$1,122,419 because that is a good amount of money to go back to the schools to hire more individuals but I know you had to give something up. I was a little bit shocked about the 2.17% because it seemed like a high number but I didn't realize because it is not included in this sheet that you gave us and I apologize to John because I shot him one right across the face and said what are you thinking about but I didn't realize they had gotten rid of the steps and the longevity so that is a good thing. I have been pushing for that for quite a long time on this side. If that is the way we are going to go in

negotiations throughout the City I think that is going to benefit everybody and the layoffs can stop. I think this is a good first step and I definitely support this.

Alderman Greazzo asked what is the length of the contract?

School Committeeman Avard answered it is set for two years with an annual rollover provided that both sides are in agreement for a rollover. In the case of a rollover, it continues with the same terms going forward with each year tied to that year's CPI tax cap.

Alderman Greazzo stated I heard Alderman Levasseur say a number but I didn't know if that was the actual amount of savings. How much does this actually save?

School Committeeman Avard replied in the first year the savings is \$672,813 and in the second year we don't recalculate the insurance savings even though they do carry over from year to year so it is actually registering just with the increase in the COLA so that is \$156,632 for a net savings to the City of \$514,182 over a two year cycle. I do want to put a caveat in here that if you look at the bottom line of the calculation where it shows the savings and it talks about the additional hours for elementary and middle school paraprofessionals due to the hourly calendar, we had a change in our school calendar and the method by which we calculate our school day so it is increasing the school day for the elementary and middle schools. The expenditure of those additional hours, although it has to be calculated in when we are costing this out, should be offset by savings in bussing and other soft costs on the other end. The savings actually may be realized closer to the \$900,000 range with this but we can't calculate that at this time. In the back of your minds, since we are not taking the calendar in conjunction with this the two things may very well offset each other.

Alderman Greazzo responded the other question I have is the savings that you create here that going into your budget for the next fiscal year?

School Committeeman Avard replied it is not new money coming in. It just allows us to reallocate our spending to another avenue.

Mayor Gatsas asked do you have a "me too" clause in the contract?

School Committeeman Avard answered yes. If other units negotiate different deals with the insurance opt out or the salary line but the same package has been put on the table as a package and that is how we presented this to each and every unit. This went forward as a package and that is what we have been sticking with. The same was approved last Wednesday night for all of our non-affiliated personnel to be moving to the same insurance offerings and COLA increase.

Mayor Gatsas asked did they have a seat at the table? Were there any discussions with them?

School Committeeman Avard replied they don't have bargaining rights so they did not have a seat at the table.

Mayor Gatsas stated well on the City side the non-affiliated employees have a seat at the table even though they don't have bargaining rights. What about the "me too" clause in regards to the opt out? What is the opt out provision talk about for paraprofessionals?

School Committeeman Avard answered the opt out is currently \$500.

Mayor Gatsas asked and if another bargaining unit gets \$2,500 then what happens?

School Committeeman Avard responded then that same offer will be extended to the paraprofessionals.

Mayor Gatsas responded how many paraprofessionals have we had... We can't tell because if it goes to \$2,500 you could have a lot more opt out and that would reduce your savings.

School Committeeman Avard stated you said you experienced a \$1 million on the City side so I would be looking for the same for us.

Mayor Gatsas replied you can say that and that is an easy thing to say but when you have folks that... What is the net to them after that \$13,000?

Alderman Ludwig stated all I can tell you is they are getting a whopping \$1.56 a day more so you won't be eating out too often.

School Committeeman Avard stated all I can tell you is any discussions we have had with any units around opt out have been centered around any opt out that we agree to would have to be cost neutral to the district before it starts to pay out; either cost neutral or cost beneficial to the district. If we already had 50 people opting out and we needed another 25 to opt out then nobody would be paid until that full 25 came in. Any conversations have been centered around being cost neutral.

Alderman Levasseur asked are you talking about the opt out on the insurance? I would imagine most of the paraprofessionals are there because of the great insurance benefits and I don't see why they would be opting out.

Mayor Gatsas asked how many are currently insured, Karen?

Ms. DeFrancis answered 251 are on the insurance and 56 opt out.

Alderman Levasseur asked they were already out or they are opting out now?

Ms. DeFrancis replied they were already out.

Alderman Arnold stated I want to say to Dr. Avard and the school administration staff and the school board members who are here this evening and to the attorney who assisted with this endeavor, thank you for your work. I know that when the endeavor began I am sure everybody had questions, concerns and doubts but I am glad to see that your efforts yielded a resolution.

Alderman Levasseur stated I want to warn when you go forward with the contracts on the bigger numbers of people that tying the COLA to your contract, although it is a nice move because you get rid of the other ones, when you look at the final cost to the City or School District the increase in the tax cap is not going to make it a revenue neutral. I think it is still going to be higher than what our tax cap is going to allow us to raise. I just caution you and I know that Ms. DeFrancis will heed this when you are negotiating. Just please know what the numbers are going to be and assume it is going to be 2% next year and what the revenue increase is going to be and then compare those two numbers because we are not going to go over the tax cap and you are going to have this problem again and again. The key is to try not to layoff any employees. Please keep that in mind because those numbers aren't going to match up when you get to the much bigger number of employees as they will when you have a small situation like this.

School Committeeman Avard stated there is one more thing I would like to put before the board and I know you have a method of doing things and I understand that your rules are that this layover until the next meeting, but please understand that if this does lay on the table until your next regular meeting the savings may be reduced by as much as \$94,000 because it will be August before we can actually implement the new plan. So we will be losing a month of potential savings. If it is the will of the board we would like to have this contract ratified this evening.

Alderman Levasseur moved to suspend the rules.

Alderman O'Neil stated with all due respect to Mr. Avard, we didn't do it on any of ours on the City side. You guys are here tonight and it is not our fault you are here on June 4th. I am not going to support suspending the rules.

Alderman Long stated for \$94,000 I think we should suspend the rules.

Alderman Katsiantonis duly seconded the motion to suspend the rules. Mayor Gatsas requested a roll call vote.

Alderman Ludwig asked the \$94,000, Dr. Avard, is it on the insurance side?

School Committeeman Avard answered it is by not realizing the insurance savings for an additional month because the employees wouldn't be enrolled in it until August as opposed to July 1st.

Mayor Gatsas asked what is the savings on the less 2% on the COLA because they wouldn't be getting that raise until August.

Ms. DeFrancis replied they don't start getting paid until September so they don't get a paycheck in July or August.

Alderman Ludwig asked so the \$94,000 is on the 20% health insurance?

Mayor Gatsas asked how do you get the deduction?

Ms. DeFrancis answered we do the deduction over 38 paychecks that they get but they actually have insurance starting July 1st.

Alderman Ludwig stated but it is still savings to the employee if it doesn't start in July, correct? The employee would stay on the old plan and they would pay less so even though it is insurance related, there is a little bit of savings to the employees if they don't get started right away.

School Committeeman Avard replied savings for the employee and less savings for the school district, yes.

Alderman Arnold asked so we are going to vote on the question first and then pending the outcome of that then we will decide on the rules of suspension? Isn't that backwards?

City Clerk Normand stated you can do it one motion, to suspend Rule 26 and accept and ratify the contract.

Alderman Arnold asked doesn't it make sense to vote on whether or not we support the contract first and if that passes the board can then take action to have it ratified tonight rather than observing the layover period?

Alderman Levasseur withdrew his motion. Alderman Katsiantonis withdrew his second.

Alderman Levasseur moved to accept the contract for ratification and have it lay over until the next meeting of the Board of Mayor and Aldermen. Alderman Arnold duly seconded the motion.

City Clerk Normand stated that can be done.

Mayor Gatsas called for a vote on the motion to ratify the contract. There being none opposed, the motion carried.

Alderman Levasseur moved to suspend Rule 26 and ratify the contract this evening. Alderman Katsiantonis duly seconded the motion.

Mayor Gatsas stated I am going to veto this. We didn't do it with our own bargaining units and we forced them to lay on the table for a month. That is why I am vetoing this. We would have realized more savings also but we didn't do it.

Alderman Levasseur stated I don't think that point was brought up at that point.

Alderman Roy requested a roll call vote on the motion to suspend the rules. Aldermen Roy, Osborne, O'Neil, Shea, Greazzo, Gamache, Arnold, Craig, and Ludwig voted nay. Aldermen Corriveau, Levasseur, Katsiantonis, Shaw, and Long voted yea. The motion failed.

Dr. Brennan stated I would like to thank Aldermen Craig and Long and the members of the board who voted for that budget. It was very much appreciated and I know it wasn't an easy decision but I know that it is going to help our district so thank you very much for your efforts. I appreciate it.

Mayor Gatsas replied and you won't have to worry about coming back to this place ever again. How is that? Thank you for your service to the City.

24. Budget projections to be submitted by William Sanders, Finance Officer, if available.

There were no budget projections.

26. Request from the Manchester Development Corporation, Inc. for approval of a loan for Fabiana-Lorena LLC, 827 Elm Street, in the amount of \$35,115.

Alderman Roy moved to approve the loan. Alderman Long duly seconded the motion.

Alderman O'Neil asked why wouldn't this be referred to a committee?

Mayor Gatsas answered these are GMDC funds and not revolving loan funds. The GMDC has already had their underwriter look at it and approve it. We must approve all of their loans that come through.

Alderman O'Neil asked again why wouldn't it to go a committee?

Mayor Gatsas replied because it never does. It comes right to the full board.

Alderman O'Neil stated well I don't remember the last time we had a GMDC loan but I think it went to committee.

Mayor Gatsas responded I think the loan you are thinking about is the last one we talked about and that was Giorgio's and that came to the full board.

Alderman O'Neil stated well that is something we should change. These things should be going to committee.

Alderman Arnold stated I do want to say that I have a few concerns about this item, not the least of which, is the point Alderman O'Neil raised. I think it should go to committee as lots of other things do because through the committee process we are able to ask questions. I have the privilege of serving on the Manchester Development Corporation board and yet I still think there are unanswered questions. I got some answers but some questions remain. On principle though, I have to believe that there are businesses throughout the City and small business owners throughout the City that are in similar situations. I guess my question is, are we setting a precedent here tonight that gives them cause and they ask the question why. Why isn't everybody in a position to receive whatever it is the MDC is asking this board to approve? I appreciate what you said about it being GMDC monies but it is all taxpayer money.

Mayor Gatsas stated I agree, alderman, and if you attended some of the meetings you would have been made fully abreast of the questions that were asked at that meeting and the... Let's get a history first of what we are talking about. If anybody else in the City wants to come forward to borrow money, they can go to GMDC; nobody stops them. If they can plead their case and if the underwriter thinks it qualifies, then at that point I am sure GMDC would either approve it and send it to us or if it is the revolving loan fund I know the underwriter is looking to come forward and it is in committee now for us to approve that he would make the recommendation to this board whether it would be a revolving loan. Let's talk about the statistics of this person we have in front of us. They borrowed \$100,000 from GMDC. They owe a balance of \$25,000. They borrowed \$50,000 from the revolving loan fund and it is completely paid. If we all read the paper some e-mail was flying around that I said I would look favorably in supporting the loan but I am not too sure if that e-mail wasn't private information and shouldn't have been circulated and that is a big question that I think a lot of GMDC members have a question about, but we will leave it at that and let them take it up in their venue. Again, their history has been very good. They ran into tough times and came to GMDC and that board did what they needed to do to decide whether they were going to loan them money or not.

Alderman Arnold stated I appreciate your clarification of your own position and why you think it is a worthwhile endeavor. As for the information that has been provided to this board and the e-mail you are talking about, I know that I was party to a couple of e-mails and how they ended up being circulated in the public is a legitimate question and I

am inclined to agree with you that that might be an issue. That being said, the correspondence that this board received from your office doesn't present a ton of information. It gives a total amount and it says we ask for the board's approval and perhaps there is more information than just that brief reference to the amount and approval request. Maybe the members of this board wouldn't feel compelled to go to their representatives on the MDC board to ask for background information.

Mayor Gatsas stated with all due respect alderman, if you were at the meeting you could have helped your colleagues because a lot of times...

Alderman Arnold interjected I call in to the meetings.

Mayor Gatsas replied you didn't call in to that meeting.

Alderman Arnold responded it is funny that you say that meeting but I am not sure what you are talking about.

Mayor Gatsas stated the meeting that GMDC had.

Alderman Arnold asked are you talking about the meeting that the MDC board had where they voted on this proposal to come to the aldermen?

Mayor Gatsas answered no, the discussion that came forward. Joe can you come up and clarify the discussion for Alderman Arnold?

Alderman Arnold stated I don't need Mr. Wichert to come up.

Mayor Gatsas responded I want him to come up because I want to ask him.

Mr. Joseph Wichert, Treasurer of the Manchester Development Corporation, asked what can I help you with, mayor?

Mayor Gatsas responded again because it makes it sound like the letter I sent to this board for approval didn't give a lot of information but certainly you are here to expound on any information they are looking for and I know that Alderman Long wants to weigh in.

Mr. Wichert stated we talked about it as a full board at our May meeting. I am not sure of the date. We discussed some of the specifics and during that meeting we made a decision to follow the newly instituted process so we took the application and submitted it to CRDC for their review and CRDC came back with a recommendation for approval. We took an electronic poll and got our seven votes and, therefore, we prepared a letter recommending approval and asking for approval from the BMA and I thought that was the standard process we used for all of the other loans that MDC has approved. If there was an oversight and the wording on that letter was lacking, certainly we apologize for that. From my understanding, that was the format that we have used.

Alderman Arnold stated I appreciate that clarification.

Mayor Gatsas stated Joe, there is a letter here. Have you seen that?

Mr. Wichert replied yes, is it the one that I signed?

Mayor Gatsas responded you didn't sign it. You asked Samantha to sign it for you. So I guess when he makes reference of it coming from my office because she staffs the MDC you approved it and read it and told her to sign it for you correct?

Mr. Wichert answered correct. Sam had written it and normally it would have gone through the MEDO office but without a MEDO office it went through the Mayor's Office.

Alderman Arnold stated I agree, Joe, that historically this would have gone through the MEDO office and I appreciate where you are coming from in terms of the process that you have followed in terms of the MDC taking votes on their side and then it comes to the BMA to get votes on our side. My issue, which goes certainly beyond what you are here tonight to talk about, is one of information getting to this board. That is what I have an issue with. I have no issue with the process that you followed and your understanding of what the process was. I do think that there were probably individuals involved in this discussion who knew that more information might have been helpful to this board in making their determination. That is not on you though. That is why I told the mayor I didn't need you to come up.

Mr. Wichert stated from my point of view from my two years on the board that is how we have done it. Sean Owen is to my right. He certainly has a longer tenure and maybe he can shine some light on past history.

Mr. Sean Owen, Vice-Chairman of the Manchester Development Corporation, stated the only thing I would share with the board are the concerns that these individuals have when they come forward with a loan request from MDC. Obviously if you think your business is going to be aired in the entire public forum of the Board of Mayor and Aldermen you would be less likely to come forward with a request. What MDC has done over the last decade or so has been pretty substantial for the City of Manchester whether we are talking about the Margaritas building downtown or the Benefit Strategies building. If these people don't come forward because they are being aired publicly, that would be a challenge. At the same time, I would also caution you that MDC has been structured very well. There are 12 people on the board and two of them are aldermen. The rest are business people and we select them with very good intent. They are all Manchester residents. We have bankers and civil engineers and a lawyer; we have a good mix who are used to making decisions of this caliber. It is important from a service standpoint to the people who are requesting these loans that we don't go through 14 boards of approval. MDC has a board which oversees the committee and oversees the external partner we have, Capital Regional Development Corporation for their recommendation. You have three bodies there alone that are recommending this loan.

Alderman Arnold replied I appreciate that, yet the MDC is set up that before you guys can make loans you have to come to this board. I have to imagine that one of the reasons for that is because we are talking about taxpayer dollars and taxpayer properties.

Mr. Owen responded if you look at the bylaws, we are structured to operate at the direction of the member and the sole member is called BMA and it does not institute that we must come to this board for approval as long as we are using the funds for the purpose that it was intended. We have always done it as a courtesy.

Alderman Arnold stated maybe that is something that ought to be looked into in the future but I appreciate your acknowledgement that the City is the only member of the MDC.

Alderman Greazzo stated I apologize because I didn't see any e-mail you sent regarding this or an inside e-mail from MDC.

Mayor Gatsas responded it is in your packet.

Alderman Greazzo stated well I see this letter. Is that the letter you are talking about?

Mayor Gatsas replied I believe that is the letter that Alderman Arnold was referring to because my staff member signed it for Mr. Wichert.

Alderman Greazzo stated and I don't need to know what the \$35,000 is for. The history you have given regarding the borrowing and payment of money is a sufficient track record for me. The question I have is I heard that the MDC is issuing tax dollars. I don't see anywhere in the budget where we have given MDC any money.

Mr. Owen replied it is not tax dollars. The original funding for MDC back a number of years ago was from a combination of things related to the redevelopment of the airport and the millyard and French Hall when it was moved. We are talking about monies that have been there for a number of years that we have continued to develop and add to those funds. If anything, actually we contribute more to the City than we have been able to get back.

Alderman Greazzo asked so all of the money you are lending out is money MDC earned on its own and you have your own funding sources at this point and you are not borrowing any money from the taxpayer and it is not coming out of anybody's tax rate and nobody is paying extra in their taxes to fund the MDC?

Mr. Owen answered correct.

Alderman Levasseur stated first of all you say there are 12 members of the MDC?

Mr. Owen answered yes.

Alderman Levasseur stated when I was looking at the string of e-mails I never saw Alderman Arnold's name included. Why is that?

Mr. Owen replied there are two bodies that look at every single loan that we do. One is an investment committee and the second is the board.

Alderman Levasseur asked how many committee members are there?

Mr. Owen answered five.

Alderman Levasseur stated you still needed seven out of 12 votes.

Mr. Owen replied we did receive seven because after the committee made its recommendation it went to the full board. I don't know if that was the e-mail with the actual motion on it. I don't believe it was. There was an actual motion put forward through e-mail and we had seven votes that came back as positive to support the loan.

Alderman Levasseur stated I am glad that this thing did somehow get to where it got and the e-mails got out. I am not going to talk too much about what the e-mails were or any of the personal information, which is rather disturbing but if you say that your bank looked at it, there is a banker on your MDC board and I don't know why that person would not give this personal loan but the MDC board can give him a loan and the person who really looked at the numbers, Jennifer Belanger, said this is still a very risky loan and precarious situation. I understand that we as an aldermanic board don't have any authority over that money but what is the intent of the revolving loan.

Mayor Gatsas stated there are two different loans. This is not the revolving loan.

Alderman Levasseur stated it says in the e-mail string that it is a revolving loan.

Mayor Gatsas responded no, I think you might have read that in the newspaper article. That is where you got revolving loan.

Alderman Levasseur asked what is the actual loan then and can you tell us what the rules are for that loan and if it not a revolving loan then why are you here?

Alderman Arnold stated I am trying to figure that one out too.

Alderman Levasseur stated I read the string of e-mails very carefully and there is a point in that e-mail string that says... They were going to bring it in two weeks ago and it said don't bring it because it would have to come up under new business and "we don't want the aldermen asking questions". So slipping it in under a letter that has three lines in it we wouldn't have asked any questions probably but now that we have this string... Do you want me to read it?

Alderman Greazzo stated I haven't gotten any of these e-mails that anybody is talking about.

Mayor Gatsas asked how did you get them?

Alderman Levasseur answered it doesn't matter how I got them.

Mr. Owen stated I am happy to respond to the point of the funds and how we bring the deals forward. I will go back to my original point which was we won't get requests for people to receive loans if they know they are going to go through public scrutiny. Certainly there is an existing relationship that MDC has. As the mayor indicated, she also had a relationship with the revolving loan fund, which is a separate entity and separate money. What MDC originally loaned is the \$100,000 that is currently at \$25,000. It has always been paid and always been paid on time.

Alderman Levasseur asked did that come from a revolving loan or the MDC?

Mr. Owen answered MDC.

Alderman Levasseur asked and that is a different account?

Mr. Owen replied MDC is a different organization and it is a different account. So that is the standing of that loan. I won't speak to the personal items in terms of what was considered but we looked at everything from the finances to the operation to what caused the request for the funds and the current relationship that we have. Through that process we came to the right conclusion, which is to loan the money.

Alderman Levasseur asked where does the money come from, not for the revolving loan, but the MDC loan?

Mr. Owen replied we have a bank account with Citizens Bank that is MDC funds.

Alderman Levasseur responded so Citizen's Bank loans you the money?

Mr. Owen stated no, they are our funds.

Mayor Gatsas stated what difference does it make where they come from? **Alderman Arnold** asked the same question. The answer that Sean gave was where those funds came from the sale of UNH, the sale of property at the airport and all of those things from many years ago.

Alderman Levasseur stated properties that were owned by Manchester...

Mayor Gatsas interjected no, many years ago they developed these properties.

Alderman Levasseur asked so what you are saying is that you have bylaws that tell you how you can loan that money out and there are also rules that say... You say there is no rule that you have to come in front of the board but you do it as a courtesy?

Mr. Owen answered correct.

Alderman Levasseur stated so basically we don't have any jurisdiction over this issue?

Mr. Owen responded that is not true because the one member of MDC that gives us our direction in terms of our mission is the Board of Mayor and Aldermen.

Alderman Levasseur stated and we do have two aldermen on there, right?

Mr. Owen answered yes.

Alderman Levasseur stated I have a lot of questions because this is a new issue for me. Sometimes I think you think I am going after you but I want answers so I can understand it.

Mayor Gatsas replied the same question that you just asked was the last question from Alderman Arnold.

Alderman Levasseur stated well I am sorry but I was reading some e-mails. I have my line of questions that I want to ask.

Mayor Gatsas stated well my point is the person sitting next to you is going to ask for a right-to-know because it is now a public document and they are going to want to know where it came from.

Alderman Levasseur responded that is fine. Maybe the public does need to know. I just want to say that whatever reason it did come out and it did come to the board and it is on our agenda so questions could have been asked at some point. There is an outrage in the City right now by business owners and I am getting hit with e-mail and Facebook and comments on the *Union Leader* and people coming here tonight that think that the money that the person is getting they are getting as a bail out and they don't like the idea of a

bail out.

Mr. Owen replied it is not a bail out.

Alderman Levasseur stated well in the string of e-mails it says that it is to pay PSNH bills and Liberty gas bills and those kind of things and that is why there is a perception out there that it is a bail out. Maybe we can straighten it out right now. Again, it is public now so we may as well get it out of the way.

Mr. Owen stated well I don't believe it is wise for us to air all of this information publicly. I think if this were referred to a committee then that would be appropriate. I don't believe you would want your personal taxes or any other information out there as right-to-know either.

Alderman Levasseur responded I am not talking about present taxes. Is there a privacy document that these individuals sign when they apply for a loan with you?

Mr. Owen replied there is an application that they sign, but at the same time, if we are working in a committee stance, the committee would go into a non-public session to evaluate any financial information. The problem with the e-mail chain is it wasn't stated that it was a non-public document.

Mr. Wichert stated in regards to the comment about the two weeks, there was no intent to hide something from the BMA. It was a process where the applicant was looking for the timeline and thought that perhaps we could make the earlier meeting but unfortunately we missed the date for your earlier agenda which is why it was postponed to allow it to be put on the proper timeline.

Alderman Levasseur asked is there a reason why you would vote for this in an e-mail string instead of in a room where you can all have a discussion and minutes can be taken and such?

Mr. Wichert stated we normally meet once a month. Unfortunately the next meeting is going to be June 14th at 7:30 p.m. and at that point in time we would have missed this BMA meeting.

Alderman Levasseur asked and there is an urgency for the funds?

Mr. Owen stated it is not just that but it is also that we request they come in two or three weeks earlier. We had four separate people meet with the owners. CRDC did it, I did it and I believe Joe did it. So we had multiple people and there was already an extensive discussion with the business owner.

Alderman Levasseur stated for the public that is watching and will watch this meeting over the next month, if you are a business in town I guess it is out now that there is a possibility for businesses to come to your board and I guess the conditions are not the same as the revolving loan which has criteria of expanding a business or hiring more employees. This is a different type of loan and can you explain the differences?

Mr. Owen stated our mission is similar. We don't have the specific requirements that the revolving loan fund has in terms of number of bodies per \$1,000 that needs to be loaned. We typically look for a longer term investment. We typically look for real estate investments and something that is good for the long-term economic viability of Manchester. That may include key parcels of land that we want to purchase such as off of Exit 5 on Granite Street and it may include the Margaritas building rehab but it is typically for the purpose of what may be a longer term catalyst to good economic development. That could include downtown restaurants.

Mr. Wichert stated or it could include the La Quinta Hotel and the reclamation of that building at the Amoskeag Circle. That was partially funded by MDC.

Alderman Levasseur asked but if you are struggling in your business and you are having a problem paying vendors you can come to you for that loan under that scenario?

Mr. Owen answered I can tell you that the board would probably not approve a majority of those loans. I think it depends on a case-by-case basis and certainly somebody who we have an existing relationship with we already have risk in that loan portfolio and we are going to evaluate it differently.

Alderman Levasseur asked what is the interest rate on that loan?

Mr. Wichert stated the first one that was paid off was 10% and the existing loan is at 5% and I think this is a reissue of the proceeds that were paid down so it would be at 5% as well.

Mr. Owen stated we typically make sure that we are not competitive with any local banks. We want to intentionally be gap funding so that we are higher and banks have the first right of refusal and then we loan usually a few points ahead of that.

Alderman O'Neil stated not to carry on this discussion but I have asked the City Clerk to do some research on the bylaws. I don't necessarily agree with everything that Mr. Owen said about courtesies and all of that. I have been here 20 years and we have had an awful lot of votes and I didn't think they were out of courtesy. I think it is because they were required so we will do some research and have the solicitor look at that. I understand the points that some aldermen have made. We got one page and that is all. There is nothing else supporting this and we should at least get some sort of supporting documents with this.

Mr. Owen replied we would be happy to consider that if you would like to define it further so that we know whether it is something that a loan application would be interested in having in this venue.

Alderman O'Neil stated we do loan applications for a lot of different programs and it is done in public so I don't know what we would be asking for that is unique to what you folks are doing.

Mr. Owen responded that is why I am saying if you define it we will be happy to share it with the applicants.

Alderman O'Neil stated well we can get you a list of how we do all of our other loans that are all done in public.

Mayor Gatsas stated we are actually looking to hire someone to do it differently.

Alderman O'Neil responded we are but we have a history of giving out block grants, Section 8, the revolving loan... There are probably a dozen different types of loans out there that we have done or do.

Alderman Shaw stated there was a lot of misinformation that was circulating and a lot of phone calls. My response was I was looking for a clarification tonight before I made a decision and I think the clarification was made and I will support this.

Alderman Craig stated I am right where Alderman Shaw is but I just have a couple of questions. One is this is already an existing business so is that typical for your loans?

Mr. Owen responded if you look at our history in the last ten years the majority of our loans have been typically real estate based. We only started venturing a little bit into some of the businesses when it makes sense for a significant change on a building or a rehab project or something like that. I won't say it is typical for the past ten years but in the last four or five years it probably has been more typical.

Mr. Wichert stated we have been in talks with two other existing borrowers to either reissue or do a supplemental loan as well.

Alderman Craig asked do you believe that this loan applicant meets the guidelines that you have set forth?

Mr. Owen answered yes.

Alderman Craig stated so they meet the guidelines and it is now getting to the point where it is a typical loan and it is not City money and this entity has a good credit and payment history with you. Those were all questions and concerns that I heard from people and I think that having that information public will help a great deal. Thank you.

Mr. Owen stated there are also guarantees on this loan that made us very comfortable with it as well.

Alderman Roy stated thank you for coming. Your Honor, it is \$35,000 of their money. I think we took less time tonight to do our \$300 million budget so I would like to move the question and I request a roll call vote.

Mayor Gatsas stated I will defer to the chairman for one final comment and then we will vote.

Alderman O'Neil stated this issue that it is their money... I think one of the things we are going to look at is how MDC was set up and it was set-up because the BMA funded it and made determinations that the sale of certain properties was going to be the seed money. So when you say it is their money it is actually the citizen's money and it was set up for specific reasons to help bridge some funding and I am sure Bill Cashin is probably jumping in his chair a little bit about some of the comments tonight but we are going to

get the history. When we say it is their money, it is our citizens' money. That is how it was established.

Mayor Gatsas stated I agree with you just like the \$2 million in surplus. That was taxpayers' dollars. You are absolutely right. It was taxpayer dollars but we didn't apply it to the tax rate. We applied it to the school and City budget.

Alderman Long stated I just want to be clear to my colleagues and to the public that is listening in that these are volunteers who are doing this and they are doing this for the betterment of our business community. Sitting on the board I see the betterment that it does. Mr. Wichert is the chair of the investment committee and he does his due diligence. Mr. Owen is the first one to put a flag up when these loans come up to the table. CRDC is who they go through so they put on a third eye to make sure that their investments are proper. I have an unfair advantage because I sit on the MDC board. I know the conversations that we had with respect to this loan and it wasn't a love fest. There was a lot of bantering going back and forth. When it came to this decision, it wasn't a warm and fuzzy feeling. To come to this decision gives me the confidence that it is the right decision and I would appreciate the aldermen's support.

Mr. Owen stated I thank you for those comments and I do want to say one other thing. I think the volunteers of the board were very distressed today. They felt that we took a private business and put it in the limelight for the wrong purposes and they were very upset. I think that anybody who owns a restaurant in Manchester and I think you can agree with this alderman, we did not do them a service today. From the standpoint of operating a businesses in Manchester that was very disappointing. The committee that takes their time to evaluate these was not very happy about that. We don't believe the information should have been released the way it was. If there are questions, our board is always open to answering those questions.

Mr. Wichert stated nor did I think... There was a name and an employer mentioned of a volunteer that I think was out of place and shouldn't have been brought up in that venue. We are volunteers and certainly we don't try to do anything outside of the public eye. At 7:30 p.m. at 20 Market Street on the second Friday of every month if anybody wants to come in they can.

Alderman Levasseur stated the only question I have is if the two aldermen are actually on that board and I look at the string and there is no alderman included is there a rule on your board that they are not included in the string but they get to vote?

Mr. Owen responded it is the investment committee. If they would like to join that committee they are more than welcome to.

Alderman Levasseur replied but I looked at the string and there are ten of your board on here but the two aldermen are not included. It isn't five people on a committee?

Mayor Gatsas stated the question has been moved.

Alderman Levasseur stated the answer is being hidden from the people of this City and I don't appreciate it. Why are the aldermen not being included in these strings? You are telling me it is a committee of five but I am looking at the amount of e-mails and the names and there are ten. Two are not on here. Mayor, you were at one of these meetings and you were not included in the e-mail.

Mayor Gatsas responded I am not a voting member. The two aldermen are voting members.

Alderman Levasseur asked and you don't have a problem with the fact that they are not included in this e-mail.

Mayor Gatsas stated all I know is that people attend those meetings and anybody who is there... I don't know where you got the e-mail from. I have no idea.

Alderman Levasseur stated I am an alderman-at-large and I don't get included in a lot of stuff and I don't like it. These two aldermen should be ticked off who they weren't included.

Alderman Long stated it has been addressed because I did receive an e-mail asking for my vote and I let them know that I didn't receive the original e-mail so it has been addressed. I anticipate getting all of the e-mails going out so it has been addressed.

Alderman Osborne stated I have a question. How do you arrive at the 5% and 10% that you charge?

Mr. Owen replied we typically, at the time of the note, look at what the current offerings are from the local banks and, as I mentioned before, we go 2% or 3% more so that we are not competitive with the banks. We also change the interest rate based on the risk of the

loan.

Alderman Osborne asked so you are looking more at the risk at that percentage?

Mr. Owen answered it is a combination of both. We definitely always want to be higher than the current bank rate so that we are non-competitive and then if we feel we need to add points for risk we will.

Mayor Gatsas called for a vote on the motion to approve the loan. Aldermen Roy, Corriveau, O'Neil, Shea, Katsiantonis, Shaw, Greazzo, Gamache, Craig, Ludwig and Long voted yea. Aldermen Levasseur and Arnold voted yea. Alderman Osborne abstained. The motion carried.

Alderman Greazzo asked the two aldermen who sit on the MDC board what happens to the funding that the MDC currently has if the MDC dissolved? Since everybody is talking about it being taxpayer money and I understand there was seed money and they have accumulated their own money by buying and selling real estate and loaning money and earning interest but where does that money go if they are dissolved?

Mayor Gatsas stated I have no idea but I am sure in Alderman O'Neil's research he will get that answer.

27. Request for a street dedication of Sentinel Court submitted by the Planning & Community Development Department.

Alderman Shaw moved to approve the request. Alderman Long duly seconded the motion.

Alderman Shaw stated I have never seen one of these requests before and I may seem naïve but is this when they want their street to become a City street so they go through the process of making sure that the street is graded, right and all of that other stuff and construction of the street is to the specs of the City? Is that what this is all about?

Alderman Roy replied you are absolutely right. When they come forward with the development they build the street to the City specs and Highway makes sure they do that and it is always with the intention that after they are complete they will turn it over to the City and it gets dedicated.

Mayor Gatsas called for a vote on the motion to approve the request. There being none opposed, the motion carried.

- 28.** Communication from JoAnn Ferruolo, Assistant City City Clerk, requesting polling hours be set for the Municipal Primary and General Elections and the State Special District 14 Primary and General Election to begin at 6:00 a.m. and conclude at 7:00 p.m.

Alderman Long moved to approve the request. Alderman Roy duly seconded the motion.

Alderman Greazzo asked what day is this set for? It doesn't say.

Alderman Long stated it is on the paperwork.

City Clerk Normand stated September 17th.

Alderman Long stated the special election, if there are only two candidates it will just be on the primary.

Mayor Gatsas called for a vote. There being none opposed, the motion carried.

- 29.** Warrant to be committed to the Chief of Police for unlicensed dogs.

Alderman Corriveau moved to commit the warrant for unlicensed dogs to the Chief of Police. Alderman Katsiantonis duly seconded the motion.

Alderman Levasseur asked so if there is a dog out there that is not licensed they come to your house and fine you or how do they get the fines out?

City Clerk Normand stated it is a civil forfeiture that is prescribed by law. There is a \$25 fine or they have the option of going to court.

Alderman Levasseur asked how do you know whether they still have the dog? I don't know how you guys manage this.

City Clerk Normand stated often times they use a vet and the vet communicates with the City City Clerk's Office. The animal control officer will report...

Alderman Levasseur interjected you guys are laughing at me but I am thinking do the police go banging on people's doors and say you know you had a dog last year and we want the money? I just question how this is enforced.

Mayor Gatsas answered I guess if you want to go into the City Clerk's Office you can sit down with him. How many dog licenses do you do a year?

City Clerk Normand replied 13,000.

Alderman Levasseur asked and how many get fined; do you know?

Mayor Gatsas stated it costs us money because the state doesn't allocate all of the funds to us.

Alderman Levasseur asked do you know how much you collect in fines?

City Clerk Normand answered I don't have that number in front of me but I can get you an exact number tomorrow.

Mayor Gatsas called for a vote on the motion to commit the warrant for unlicensed dogs to the Chief of Police. There being none opposed, the motion carried.

30. Report(s) of the Committee on Community Improvement, if available.

The Committee on Community Improvement respectfully recommends, after due and careful consideration, that the Purchas and Sale Agreement and property demolition for 450 Lake Avenue be approved.

On motion of Alderman Long, duly seconded by Alderman Roy, it was voted to accept the report and adopt its recommendation.

The Committee on Community Improvement respectfully recommends, after due and careful consideration, that the CIP budget tables be amended as follows:

Changes in the FY2014 CDBG Project Requests:

- Highway Department – Annual CDBG Street Reconstruction Program: Added \$1.5 million Bond and \$94,987 CDBG
- Planning and Community Development – Planning & Administration: Added \$50,000 CDBG

Changes in the FY2014 CDBG Public Services Project Requests Table (CBDO) and FY2014 CDBG Public Services Project Requests Table (Limited to 15%) are identified on the tables.

Changes in the FY2014 ESG Project Requests:

- Child and Family Services of NH – Runaway and Homeless Youth Program: Reduced \$405
- Families in Transition – Manchester Emergency Housing: Reduced \$310
- Granite United Way – Homeless Services Director: Reduced \$770
- Granite United Way – Manchester Homeless Services Center: No change in the funding amount – just changed funding source from ESG to CDBG
- New Horizons for NH – Essential Services: Reduced \$390
- New Horizons for NH – Operations: Reduced \$992
- Planning and Community Development – HMIS Training: Reduced \$125
- The Way Home – Homeless Prevention Housing Relocation & Stabilization: Reduced \$435
- The Way Home – Rapid Rehousing Housing Relocation: Reduced \$1,000
- YWCA New Hampshire – YWCA Crisis Service: No change in the funding amount – just changed funding source from ESG to CDBG

and that the Committee on Community Improvement budget resolution be referred to the Committee on Finance.

Alderman Roy moved to accept the report and adopt its recommendations. Alderman Long duly seconded the motion. Mayor Gatsas called for a vote. The motion carried with Aldermen Greazzo duly recorded in opposition.

On motion of Alderman Craig, duly seconded by Alderman Ludwig, it was voted to recess the meeting to allow the Committee on Finance to meet.

Mayor Gatsas called the meeting back to order.

33. Report(s) of the Committee on Finance, if available.

The Committee on Finance respectfully recommends, after due and careful consideration, that Resolution:

“Resolution ‘Approving the Community Improvement Program for 2014, Raising and Appropriating Monies Therefore, and Authorizing Implementation of Said Program.’”

ought to pass and layover.

On motion of Alderman Roy, duly seconded by Alderman Long, it was voted to accept the report and adopt its recommendations.

The Committee on Finance respectfully recommends, after due and careful consideration, that Resolutions:

"Amending the FY 2013 Community Improvement Program, transferring, authorizing, and appropriating funds in the amount of One Hundred Eighty Eight Thousand Eight Hundred Ninety Six Dollars and Seven Cents (\$188,896.07) for the FY 2013 CIP 410013 Emergency Generator Central."

"Authorizing the Finance Officer to effect a transfer of One Hundred Eighty Eight Thousand Eight Hundred Ninety Six Dollars and Seven Cents (\$188,896.07) for the 410013 Emergency Generator Central."

ought to pass and be Enrolled.

On motion of Alderman Roy, duly seconded by Alderman Shea, it was voted to accept the report and adopt its recommendations.

34. Report(s) of the Committee on Public Safety, Health and Traffic, if available.

The Committee on Public Safety, Health and Traffic, respectfully recommends, after due and careful consideration, that the request from the Manchester Farmers Market for permission to close Concord Street from Pine Street to Chestnut Street on Thursdays from June 20, 2013 through October 24, 2013, with barriers to be provided by the City, be approved.

On motion of Alderman Long, duly seconded by Alderman O'Neil, it was voted to accept the report and adopt its recommendations.

35. Report(s) of the Committee on Human Resources/Insurance, if available.

The Committee on Human Resources/Insurance respectfully recommends, after due and careful consideration, that the City renew its contract with HM Life for stop loss coverage.

On motion of Alderman Shea, duly seconded by Alderman Levasseur it was voted to accept the report and adopt its recommendation.

36. Resolutions:

"Amending the FY 2013 Community Improvement Program, transferring, authorizing, and appropriating funds in the amount of One Hundred Eighty Eight Thousand Eight Hundred Ninety Six Dollars and Seven Cents (\$188,896.07) for the FY 2013 CIP 410013 Emergency Generator Central."

"Authorizing the Finance Officer to effect a transfer of One Hundred Eighty Eight Thousand Eight Hundred Ninety Six Dollars and Seven Cents (\$188,896.07) for the 410013 Emergency Generator Central."

On motion of Alderman O'Neil, duly seconded by Alderman Roy, it was voted to dispense with the reading by titles only.

On motion of Alderman Ludwig, duly seconded by Alderman Roy, it was voted that the Resolutions ought to pass and be Enrolled.

Alderman Long asked can we do new business first and take these at the end of the meeting?

NEW BUSINESS

Mayor Gatsas answered yes. I want to make sure we recess for all three of them in the right order but let's go to new business. I have some and I think the packet is in front of you. We have the superintendent of schools candidates night. The weed and seed block party is June 8th and the senior luncheon is June 12th.

Alderman O'Neil stated it was brought to my attention by the Regional Planning Commission that we actually have an appointment to the New Hampshire Capital Corridor Rail and Transit Study Advisory Committee. Some of us met with the state staff and the consultant team a month or so ago and I just made a recommendation that we should get somebody to attend. They haven't had their first meeting but they have a

meeting coming up at the end of July. I believe Mr. Brewer may already be on it and somebody else in City government but I can't think of the name.

Mayor Gatsas asked is this about bus transportation?

Alderman O'Neil answered it includes bus, but it is rail and transit.

Mayor Gatsas stated there is another rail committee that I am on.

Alderman O'Neil stated you are on the Rail Authority. This is the one that had the two different sources of federal funding and we have a position and we should get somebody on it. I will move on my recommendation.

***Alderman O'Neil** moved that the Board of Mayor and Aldermen make a recommendation for a member of the New Hampshire Capital Corridor Rail and Transit Study Advisory Committee.*

***Alderman Levasseur** moved that Alderman O'Neil serve on the committee.*

Alderman O'Neil replied I am not looking to serve. I want to work with the mayor and get somebody from the board named.

***Alderman Levasseur** duly seconded the motion that the Board of Mayor and Aldermen make a recommendation for a member of the New Hampshire Capital Corridor Rail and Transit Study Advisory Committee. Mayor Gatsas called for a vote. There being none opposed, the motion carried.*

Alderman Shea stated for the few people listening in Ward 7, there will be a neighborhood meeting at Hallsville School tomorrow night at 6 p.m. regarding a development. This is a discussion for the abutters as well as the other people in the ward who want to attend.

Alderman O'Neil moved to enter into non-public session for consideration of security-related issues pursuant to the provisions of RSA 91-A:3 II(g) and for the consideration of acquisition, sale or lease of real or personal property, which, if discussed in public, would likely benefit a party whose interests are adverse to those of the general community pursuant to the provisions of RSA 91-A:3 II(d). Alderman Long duly seconded the motion. A roll call vote was required. Aldermen Craig, Ludwig, Long, Roy, Osborne, Corriveau, O'Neil, Levasseur, Shea, Katsiantonis, Shaw, Greazzo, Gamache and Arnold voted yea.

On motion of Alderman Roy, duly seconded by Alderman Long, it was voted to return to public session and seal the minutes of the non-public session.

On motion of Alderman O'Neil, duly seconded by Alderman Long, it was voted to authorize the mayor to execute the indemnification.

Alderman Long moved to allow the negotiating team to continue their negotiations. Alderman Roy duly seconded the motion. Mayor Gatsas called for a vote. The motion carried with Aldermen Osborne and Arnold duly recorded in opposition.

ADJOURNMENT

There being no further business, on motion of Alderman Ludwig, duly seconded by Alderman Craig, it was voted to adjourn.

A True Record. Attest.



City Clerk