

**SPECIAL COMMITTEE  
RIVERFRONT ACTIVITIES AND BASEBALL**

**March 6, 2012**

**4:30 p.m.**

Chairman Long called the meeting to order.

The Clerk called the roll.

Present: Aldermen Long, Arnold, Greazzo, Roy, Ludwig

Messrs.: R. Brenner, W. Sanders, T. Arnold

Chairman Long addressed item 3 of the agenda:

3. Communication from Richard Brenner, Fisher Cats President and General Manager, regarding a reduction in their annual lease payment.

Chairman Long asked have the members had a chance to read his letter with his request? Do we just want to go into questions for Mr. Brenner or do you want him to explain a little more?

Alderman Arnold replied everyone appears familiar with the request.

Chairman Long stated thank you, Mr. Brenner, for moving forward. Originally, when I first saw this request, I came to my conclusion of this whole development system, in my opinion there were two people who made the City whole: one was the Roedel brothers with the hotel and one was your baseball organization. I'm of the opinion that your organization has done their due diligence with the City of

Manchester and made themselves whole. That is why I would consider this. For the public, the request is a reduction by \$20,000 a year for ten years in their lease payment because they are installing a LED screen system that you plan on putting up for \$266,996. \$20,000 per year for ten year represents a permanent capital improvement which means that it belongs to the City because it stays there permanently. You also reference in your letter that you have put in other capital improvements like the Sam Adam's Bar and Grill at a cost of \$523,000 which you paid for in whole and that's to the benefit of the City.

Mr. Richard Brenner, Fisher Cats President and General Manager, stated that's correct. Those are structural changes that we put in. There are other numerous changes in painting and maintenance that have been done as well, but those are the big structural ones.

Chairman Long stated I'm familiar with your community involvement. Could you give us a rough idea of where you stand with respect to Manchester? I know you deal with other towns and other organizations from other towns, which benefits Manchester by bringing them into Manchester. With respect to Manchester specifically, do you have an idea of what the baseball team does for the City of Manchester with respect to charity?

Mr. Brenner replied I went through our records in advance of this meeting and prepared a brief excel sheet on it so I can reference it. We classify our donations based on cash. We do an awful lot with goods and services like tickets, use of the ballpark, walks, those kinds of things. In terms of cash which also includes when groups come out and get tickets a lower rate and then turn around and sell them and keep the profits so they get a ticket for \$5 and they sell them for \$10 and they keep \$5 of that. That cash opportunity since 2007 is \$74,900 and in terms of good and services which would mean a donation of suites for auctions or the use of the

stadium for walks, things for various City efforts, City Year, those kinds of things, are to the tune of \$513,710 in terms of good and services since 2007.

Chairman Long stated it also doesn't apply to the residents of Manchester who are employed there during the summer between the ages of 16 and 20. Those are the people we want employed during the summertime.

Mr. Brenner stated our organization employs 23 full time people, several of whom are Manchester residents or have become Manchester residents. We hire anywhere from 17 to 20 interns, largely from SNHU. The food service ramps up and hires an additional 150 to 200 people throughout the summer. We try to be as Manchester as we can be. Additionally we spend significant money with the Manchester Police Department for security and game details as well as with the Fire Department for fire works.

Alderman Arnold stated Rick, thanks for appearing before us today. Out of curiosity, what is your timeframe for making this capital improvement?

Mr. Brenner replied we are going to have it installed by the start of the season so we are going to go forward one way or another. We have already started to pay deposits toward it and thank you for hearing me and considering this. We hope that we can work something out.

Alderman Arnold stated I would never question the value of the Fisher Cats in our community and I know the variety of activities that you guys are involved with and the causes you support and I certainly commend you and thank you for that. I think the request couldn't possibly have come at a worse time, though, fiscally. That is certainly something that needs to be taken into consideration. I'll defer to other members of the committee for further discussion.

Alderman Roy stated I really don't have a question, but a comment. Thank you for coming. I appreciate it. As I read this, the question that arose is, do we really want this scrolling message board? That's something that we will have to deal with. I just don't know where we would use it. It says Gill Stadium and I think in the past we have tried to sell advertising over there and it hasn't worked out too well. I'm not saying it is a deal breaker; I'm just not sure if we really need that.

Chairman Long stated we may want to get advice from Mr. Capano as to whether he wants it or not.

Mr. Brenner stated this is really your business, by my son plays youth hockey and we spend an awful lot of time at JFK and West Side Arena. It can be split up. It is ten foot sections so you could possibly use it in a different location than Gill. I do see a lot of advertising on the boards at the two arenas. I'm only trying to offer it as a means to help generate revenue for you.

Chairman Long stated Mr. Sanders gave us the stadium bond payments. The property tax revenue includes the hotel and the townhouses. The minimum payment of \$750,000 would be the baseball organization's payments. The additional payment on \$2.5 million and the \$750,000 lease agreement...

Alderman Arnold stated I'll direct my inquiry to you, Mr. Chairman, but it may be for the solicitor or Mr. Brenner. Am I understanding correctly that the consideration that the City would be receiving should we move forward with the request is the scrolling outfield signage and of course continued goodwill in our relationship with the Fisher Cats?

Chairman Long replied that's the way I understand it, yes.

Mr. Brenner stated if I may add, it also includes a significant capital improvement to the building you own, a second one.

Alderman O'Neil asked Rick, why wouldn't you have come to the City before you made a decision one way or another to move forward?

Mr. Brenner replied we have been going back and forth on it and I had conversations off an on... I really don't have an answer for that other than we felt that we would consider all options and then come forward.

Alderman O'Neil stated in just discussing this with some of my colleagues, I guess the one who knew first of this was Alderman Long and that was Wednesday or Thursday of last week. I hope in the future you will have a discussion and include us in those discussions. I also fully support the Fisher Cats and everything you and Mr. Solomon do and your entire organization, but this is almost like a gun to our head. You are moving forward whether the City approves this or not. It is the second week in March and these discussions probably should have happened in November or October. There is really no good reason?

Mr. Brenner replied there was deliberation on whether to approach and ask for the reduction or not. When we decided to approach, we sent a letter right away.

Alderman Greazzo stated I actually have a question of Mr. Sanders. With this reduction, are they still covering the bond service?

Mr. William Sanders, Finance Officer, replied we are forecasting for this fiscal year that we will have a shortfall of \$522,000 if you look at the schedule that you have all been given. The payments that are made by the Fisher Cats do not cover

the entire debt service and we also add in the property tax revenues from the hotel and the condos.

Alderman Greazzo stated that's what I was getting to. They are footing a majority of the bill and the other buildings that were supposed to materialize to offset these costs never materialized.

Mr. Sanders stated that's correct, sir.

Alderman Greazzo stated it is not the fault of the Fisher Cats.

Mr. Sanders stated no, I didn't mean that. They have met their contractual obligations from the very beginning. It is from the lack of development as was originally anticipated that has given rise to the shortfall.

Chairman Long stated in going along with the debt service, in 2012, \$750,000 is their lease and \$166,627 is their additional payment on \$2.5 million that they are paying off. That is \$917,000 that they are paying. The hotel and townhouses, which is the property tax revenues, is the other... We owe a debt of \$1.9 million. That brings it to \$522,000.

Alderman O'Neil stated in all honesty, the Fisher Cats and the hotel have lived up to their part of the deal. We just hit very poor timing on the housing part of it.

Mr. Sanders stated that's correct. I don't mean to set forth that the shortfall is related to what the Fisher Cats owe us. There most definitely is not and the hotel has been fully billed out for four or five years now as well as a section of the condominiums. It is really the interior development of the other space that hasn't.

Alderman O'Neil stated that is just the housing market and poor timing. Mr. Chairman, I think we need to be clear that the Fisher Cats have lived up to everything on their end of the bargain with Mr. Webber and Mr. Solomon as has the Roedel family with the hotel.

Alderman Arnold stated I have more of a thought that I will throw out there. I recognize the increased value from the infrastructure improvement and I value the relationship we have. I would like to hear back from Parks and Rec, Mr. Capano or someone else, about the signage and whether or not we would be looking to use that or if we could effectively use it. I think there are good suggestions for places that we might be able to use it. I wonder, Mr. Chairman, if there are other provisions in our agreement with the Fisher Cats that are worth looking at. I don't want to open a can of worms necessarily, but if there are certain parts of the contract where it might be appropriate to look at if we are also talking about a reduction in their lease. I toss it out there; maybe there is nothing and maybe the benefits that have been brought to our attention today are sufficient.

Chairman Long stated in 2015 there is an escalator to their lease. We would measure 2014 CPI or 5%, whichever is less. I was looking at beginning this ten years at the escalator because starting in 2015, it escalates every year, CPI or 5%. That way, if it was 3% the escalator would be \$22,500, which \$20,000 would come out towards this endeavor. However, in the escalator, the language that you have in front of you, there is language that doesn't address the CPI being a negative or a zero. We may want to have Mr. Brenner deal with the solicitor with respect to coming up with an agreement to fix that if we are going to go with the escalator. It is just something more to consider. I would agree that I would like to get an approval so that he knows we are in agreement and that way they can negotiate with the solicitor. Mr. Arnold, would that be okay with you? There is

an issue with the CPI. There is no language whether the CPI is a negative or a zero. We would need to address that in case it was a negative.

Mr. Tom Arnold, Deputy City Solicitor, stated we could certainly address changes to the management operations agreement in line with the wishes of this committee and ultimately, of course, the Board of Mayor and Aldermen.

Chairman Long stated I don't know which way the committee is turning and whether they want to do that approval now and we get the agreement prior to the approval of the BMA or would you rather have it stay here? It is up to the committee, whatever your wishes are.

Alderman Arnold asked so if we approve it now, we are basically sending it to the Solicitor's Office to work out a modification?

Chairman Long replied that's right. It is contingent upon the solicitor and Mr. Brenner coming up with some language to fix the CPI if it is a zero or a negative.

Alderman Arnold stated that would be an added benefit to the City to clear that up.

*Alderman Roy moved to approve the request; have the City Solicitor's Office review the management operations agreement to address the CPI language; and have the Parks, Recreation and Cemetery Division give a recommendation on the rolling advertising sign. Alderman Arnold duly seconded the motion.*

Chairman Long stated it will be effective on the 12<sup>th</sup> and it is contingent upon finding a resolution to the CPI issue that will come before the board prior to the BMA meeting. It won't be at the BMA meeting. We are also looking for advice from Mr. Capano with respect to the rolling signs.

Alderman O'Neil stated I'm probably more bothered whether the signs go to JFK or Gill than I am with the request for the \$20,000. As part of that, could we make sure that Peter gives a full report of what the cost is to install? I know the Fisher Cats are going to get it there, but they are not going to do the installation. You had mentioned to me that there is annual maintenance required and then you have to be able to sell signage and it has a probable certain value, whether or not that is applicable for the rinks or Gill. I think the board needs to have all that information. If I had to vote tonight, I don't have a problem with the deal, I have a problem with moving those signs to the rinks or to Gill Stadium.

Chairman Long asked Mr. Brenner, Peter Capano can call your office and get those details?

Mr. Brenner replied absolutely. We can refer him to a couple of sign companies that are familiar with the product, get him in touch with the original manufacture, any help we can give.

*Chairman Long called for a vote on the motion to approve the request; have the City Solicitor's Office review the management operations agreement to address the CPI language; and have the Parks, Recreation and Cemetery Division give a recommendation on the rolling advertising sign. There being none opposed, the motion carried.*

Mr. Arnold stated just so I'm clear on what you expect from our office, you had mentioned the CPI. How do you want us to alter this?

Chairman Long replied if it is a negative, as an owner I make out. That is not the intent. The intent was that it shall increase.

Mr. Arnold stated you basically want the provision so that if the CPI is zero or less there is no decrease.

Chairman Long stated that's correct.

Mr. Arnold stated if the CPI is zero or less there is no decrease. Okay.

*There being no further business, on motion of **Alderman Greazzo**, duly seconded by **Alderman Roy**, it was voted to adjourn.*

A True Record. Attest.

A handwritten signature in black ink, appearing to read "Matthew Formand". The signature is written in a cursive style with a long, sweeping underline.

Clerk of Committee