

**SPECIAL COMMITTEE
RIVERFRONT ACTIVITIES AND BASEBALL**

April 2, 2012

4:30 p.m.

Chairman Long called the meeting to order.

The Clerk called the roll.

Present: Aldermen Long, Arnold, Ludwig, Roy

Messrs: R. Brenner, P. Capano, T. Arnold

Chairman Long addressed item 3 of the agenda:

3. Proposed amendment to the contract between the City and the New Hampshire Fisher Cats.

Chairman Long stated I take it that we've read the proposal that's on the table now. If the committee doesn't mind, I'd like to call up Mr. Brenner to give us a little history of this. Mr. Brenner, if you just want to give us your side of this proposal.

Mr. Richard Brenner, New Hampshire Fisher Cats, stated good evening. I appreciate your consideration the last time we were here a few weeks ago. As Alderman Long and I discussed, some of the issues that were related specifically to the CPI, and we took a look at it and honestly, just frankly, I read this lease in its entirety in 2006 when I got here, I knew there was an increase coming in 2015, but didn't know the particulars of it at the time when I was here last. As I looked

at it and then went over it with Mr. Solomon, I decided to come back to Alderman Long and ask that we make some additional changes to the CPI given that the proposed potential increase of \$37,500 a year, or 3 to 5% for any business compounding, would not be something any business could, in my opinion, stay healthy under those types of conditions or terms with a guaranteed annual increase at that level, let alone one that makes its living on being affordable for families. The end impact would only be a cost increase to people who want to come and eventually pricing ourselves out of any market at all. We discussed it together and came to the conclusion that that indeed was good logical thinking and tried to come up with a compromise that created something that would be okay for the City but also give the Fisher Cats the opportunity to continue to be a part of Manchester and to do business and create affordable entertainment for everybody.

Chairman Long stated I guess I should say to the public what the changes are. There are four of them. The first one being that the modification of the... Currently in the contract it is the lesser of the CPI or 5%. That changes to less of the CPI or 3%. The CPI ,if zero or negative, will be equal to zero. The guaranteed minimum payment currently every year is the CPI or 5%, whichever is lesser, increased. This proposal goes every five years starting in 2015, which the accelerator currently starts in 2015, and then the Fisher Cats will deposit another \$10,000 a year into the management and operations agreement, bringing that to \$35,000. Currently it is \$25,000. That would be brought up to \$35,000 a year. Starting this year at a guaranteed minimum payment, it will be reduced by \$20,000, for the screen, a year for ten years up to \$200,000. Are there any questions or comments?

Alderman Arnold stated I think you did state, just for further clarification, we cleared up the ambiguity should there be a negative CPI.

Chairman Long stated correct.

Alderman Arnold stated okay. So any year that there would be a CPI, it will just be zero?

Chairman Long replied correct.

Alderman Ludwig stated I'm just a little confused. Maybe, Mr. Chairman, you could over that one more time. Your proposal suggests that we lessen the \$750,000 by \$20,000 per year for ten years?

Chairman Long replied correct, for the LED sign.

Alderman Ludwig asked for the LED sign?

Chairman Long replied correct.

Alderman Ludwig stated we haven't heard about whether we want that or not though. Is that correct? For an infrastructure improvement... Yes, I get that. The two infrastructure improvements that they made, the Sam Adams Bar & Grill and the new LED sign, are \$800,000 when you add the two together.

Chairman Long responded about \$750,000.

Alderman Ludwig stated okay, so then next was as Alderman Arnold alluded to, an ambiguity relative to any of the CPI could go to a negative number would no longer do that. It would remain at zero.

Chairman Long replied the current contract doesn't address the CPI going to zero or below. So with the new proposal it stays at zero. If it is at zero or if it is below zero, if it is a negative 1 or negative 2, it is zero.

Alderman Ludwig asked but the Fisher Cat's proposal lowers the 5% to 3% and calls for five year increments. Is that right, Mr. Brenner?

Mr. Brenner replied correct.

Alderman Ludwig asked and that equates to what per year?

Chairman Long replied it all depends on what the lesser of the CPI is or the 5%. If it was 3%, then it would be \$22,500 a year. So if it is 3% for four years, then you're losing \$46,000...no, it would be \$22,500 times four, so it would be about \$90,000 you'd be losing.

Alderman Ludwig stated okay. Then moving along it should have started in 2013 and now that would be moved out to 2015?

Mr. Brenner replied no. It always started in 2015.

Chairman Long stated the current contract calls for 2015 for the first escalator.

Alderman Ludwig stated okay, so that's not a change. Then there is an increase in the... You're proposing, Mr. Brenner, to the capital reserve account of a little more than \$2,000?

Mr. Brenner replied \$10,000 per year. We currently pay \$25,000 per year to a capital reserve account that we draw upon for various projects like sealing the

concourse, painting, electrical work, that kind of thing, and Alderman Long and I were discussing some of the larger... One of the differences in our lease from other leases is a lot of that maintenance falls on us, when it normally falls on the municipality. There are some big ticket items that over time as we go near seven, eight, nine, ten, particularly between years ten and 15, there are some big ticket items that we both felt prudent to begin saving for now, thus the extra \$10,000 seemed to be a mutually beneficial thing to add to the equation.

Alderman Ludwig stated a follow-up for either you, Mr. Chairman, or Mr. Brenner. In our last correspondence dated March 16th, is that in this?

Chairman Long replied yes, on page 3-7. Currently they're paying quarterly \$6,250. If this proposal goes through, they're going to be paying \$8,750.

Alderman Ludwig stated quarterly \$10,000. I got it. Okay. And we've already made a determination that the original proposal of the LED sign, or whatever the sign was that we get for the City. Have we heard on that yet?

Chairman Long replied actually, Mr. Capano could come up and give us a brief explanation on the rolling signs that the Fisher Cats had offered the City.

Mr. Peter Capano, Parks Director, stated Mr. Chairman, we have been able to go over to the stadium and take a look at the signs that have been offered. We're a little skeptical that we actually can make good use of them. They are quite big. They are 8 by ten by 1.5 feet deep and they require potentially some special wiring because they are back-lit with a series of full length, eight feet or ten feet long fluorescent bulbs. The signs themselves should be specially made and put on these rollers that move them up and down, they are scrolling signs, and further they need a computer. They are controlled by computer, and we're not exactly

sure of the requirements for that as well. So we're still investigating whether or not there's a good spot for them, but as I said, we're somewhat skeptical that we really could make good use of them.

Alderman Roy asked Rich if this goes through in 2015 with a 3% increase let's say, what is your payment going to be to the City?

Mr. Brenner asked if it was a 3% increase?

Alderman Roy replied yes.

Mr. Brenner replied we currently pay \$750,000 a year in rent, and I'm excluding the debt service, that's a different discussion, that would go up by \$22,500, so it would be \$772,500, which, if I may add, is an exorbitant amount by industry standards. Not a complaint, just adding.

Alderman Roy stated I remember the last time we were on it there was a statement made about it being a rather high rent compared to other places in the league.

Mr. Brenner stated I think the next closest one is closer to \$250,000 a year, and it includes certain services from the city that ours does not.

Alderman Roy stated thank you very much. A question for legal: In our discussion with the applicant, in order to get the payment so that it couldn't go below zero, we gave up two things. Is that correct? We went from 5% to 3%, and we went from every year to every five years? Is that the basis of it all?

Mr. Thomas Arnold, Deputy City Solicitor, replied yes, that is the basis of the first paragraph. Of course that doesn't take into account the other items that were

essentially negotiated at the same time in the remaining paragraphs. But yes, in terms of purely the consumer price index, we capped it at 3%, and then made it every five years, and in return we get no lower than zero.

Alderman Roy stated very good. Thank you.

Chairman Long stated just so that we're all under the same understanding, every five years it is the preceding year's CPI, so it would be the preceding that's not on an accumulative of the four years prior to the fifth year.

Alderman Ludwig stated Mr. Chairman, a question of you or the solicitor. So the \$20,000 is right off the \$750,000?

Chairman Long replied correct.

Alderman Ludwig asked if we go five years, take off \$100,000, we're down to \$650,000. Is that right?

Mr. Brenner replied no. My understanding is we just pay \$730,000 a year for the next ten years.

Alderman Ludwig asked you pay \$730,000 a year?

Mr. Brenner responded instead of the \$750,000.

Alderman Ludwig stated okay. And then whatever the CIP is, which we're sitting here not knowing, 3% to not less than zero percent. Okay; I've got it.

Mr. Brenner responded so in year five we're at \$730,000. If there is a 3% CPI, then we're going to be at \$750,250.

Alderman Ludwig stated okay, I've got it.

Mr. Brenner asked is that the way you understand it?

Alderman Ludwig replied yes. It takes me a while.

Chairman Long stated just a clarification on that. I'm under the impression that your lease is \$750,000. I understand that the LED screen you're going to be paying \$730,000, but your lease is \$750,000. So this escalator goes towards the \$750,000 and not the \$730,000.

Mr. Brenner stated that makes sense. I understand what you're saying. Yes, we have an exception for ten years, so the escalator would get applied to the \$750,000 amount. I did actually do that because I used the \$22,500 number.

Chairman Long stated all right. Very good.

Mr. Brenner stated in year five we'd be at \$730,000 plus \$22,500, which is 3% of \$750,000. Is that correct? Are we saying the same thing?

Chairman Long replied yes.

On motion of Alderman Roy, duly seconded by Alderman Arnold, it was voted to approve this item.

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

A True Record. Attest.

A handwritten signature in black ink, appearing to read "Matthew Normand". The signature is written in a cursive style with a prominent initial "M".

Clerk of Committee