

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN**

February 25, 1997

**7:15 PM
Memorial High School**

Mayor Wieczorek called the meeting to order.

Mayor Wieczorek called for the Pledge of Allegiance, this function being led by Alderman Hirschmann.

A moment of silent prayer was observed.

The Clerk called the roll. There were eleven Aldermen present.

Present: Alderman Wihby, Elise, Reiniger, Sysyn, Clancy, Soucy, Shea, Domaingue, Pariseau, Cashin and Hirschmann

Absent: Alderman Robert

Mayor Wieczorek stated the purpose of the meeting tonight is to hear a presentation by the Finance Officer relative to the status of the proposed CenterPlex project, but I want to at the outset just inform you that this is not a public hearing, it is a public meeting that people can attend, but it is here to be put on for the Board of Mayor and Aldermen, so there won't be any dialogue with the people that are out there. This is going to be strictly with the Aldermen and the presenters that we have here. So, Kevin if you would start please.

Mr. Clougherty stated before we go directly into the presentation, I thought it might be helpful if I could bring you up-to-date on what brings us to this meeting this evening. During the course of the summer and the fall a number of the Aldermen and the Mayor had asked if it were possible for the City to construct an arena in the Downtown area. Under the current structure of State Statutes, local ordinances and federal tax laws if that arena, once constructed would be such that it would not have a negative impact on the property tax rate and was something that could be accomplished within the local resources and not provide a burden to taxpayers. Once we had received these numbers and requests we thought it was prudent to probably try to do something to get to the Board some information on what the options might be available to them. So, you may recall that in November, I came in and asked for the Board to give us the authorization to move forward to talk to some underwriters. The underwriters represent different firms around the country and are the principle professionals that will come forward with the financing for these structures and we felt that it was important to try and get their input and their experience before the Aldermen so that we could move forward with some proposal, some concrete blueprint that might be something that the Board would like to entertain. The Board, you may recall, authorized me to do an RFP for underwriting services, we did that, we received nine responses from the large investment banking houses on Wall Street and from around the country. We narrowed that list of nine firms down to the four that we thought

presented the best opportunities and the most innovative approaches and from that group we sat down and realized that there is really, within the four, a lot of similarity. So, we asked the four short-listed firms to actually give us a list of if you want to build a civic center in Manchester and follow the guidelines with respect to taxes, what's the first thing you would do and how would you proceed along a series of steps to get this thing accomplished. And, to our surprise all of these four companies came back with blueprints on how to do that. Now, there was similarity between the four. There was a lot of information provided with respect to the public financing and the issuance of bonds. But, there was one firm that provided something that was a different approach and at that point in time, I asked the City Solicitor and I asked the Industrial Development Office and Jay Taylor to come in and take a look at the proposals and see if they were receiving the same type of a feeling as I was about the unique approach that was being offered by this one firm. The similarities between all of the proposals were that they all focused on the public side. They came in and said if you want to issue bonds this is how you do it, this is how you underwrite it and those steps and those procedures are not any different from things we had done with the Airport or with any capital financing that the Board has authorized us to do on Wall Street. One firm came in and said it doesn't matter what you're doing on the public side. If you don't solidify the private dollars you're spinning your wheels. You have to go forward and you have to identify what the likelihood of these private dollars are and try and get some commitments, so that the more you can get of a private interest, then you can start to take a look at what might happen with respect to a public size and the name of the game is to try and get as much private investment as is possible to reduce the public involvement. Once we had reviewed that proposal, we sat down and said here's an underwriter firm that's really looking at the big picture and is willing to come to the table and take a look at (1) not only how the public dollars might be issued in the form of different revenue bonds or whatever the appropriate mechanism is, but also bring to the table somebody that's going to focus on as part of that relationship developing the private dollars. So, what I'd like to do is go to the first slide at this point and move forward through this presentation and give you some idea as to what this proposal looks like. Again, just as a recap on the first slide, we're talking about a project that has been referred to over the last number of years as the CenterPlex project, it's a seating capacity of...depending on the event 8,000 for hockey, up to 10,000 for concerts, it's a multi-event venue that would provide family entertainment, sporting events, concerts, trade shows, art events and community events of a variety of types. We're talking about a facility that is in the vicinity of \$45 million range which again is the figure that has been presented by the original consultants. So, in terms of the actual project, we're still working from that same set of numbers that we received which we have since been reviewing with different consultants that we feel is still viable. To move forward what we are going to present to you tonight is a phased-in approach in terms of how you can go forward and get this project accomplished if that were within your interest and if you want to do that we're trying to structure it in a way so that you can reach different thresholds and make different decisions before you have to commit to some major dollars to get this thing accomplished. Needless to say, if the Board were to move forward with this there is a role for City officials, the Board of Mayor and Aldermen are going to have approvals at different intervals, so that they are controlling what's happening here. It's

very important that the Board control how this project is going to move forward, have a say in the timeliness and have input at different intervals. The Manchester Development Corporation will have a role, the Finance, Economic Development and Solicitor's Offices also have to be involved to bring the expertise for this thing to move forward. On the investment banking side the one company that came forward and offered the innovation to take a look at the private side as well as the public side is William R. Hough & Company and with us tonight is Steve Stern. Steve, I'm just going to talk a little bit about...what his background is so that you have some idea as to the type of people we'll be dealing with. Steve has become nationally recognized as a leader in the sports facility and related financings. He's worked in public finance for over 27 years, he's employed in the fields of banking, asset management, insurance and government. In the last nine years, he has worked as an investment banker and has managed a number of ground-breaking financings. In July 1996, he structured four bond issues totaling \$52.8 million for the Greenville, South Carolina Auditorium District to fund construction of the BI-LO Center in a transaction described by the *Bond Buyer*. The *Bond Buyer* is the trade magazine of the public finance profession. The *Bond Buyer* said that it was a model of financing for minor league arena facilities. Mr. Stern's managed the Denver, Colorado Rockies baseball stadium that issues \$103 million and was the first tax-exempt bond issue after the changes in the federal tax law. Mr. Stern also served prior to his experience in the private sector, served as the State of Colorado's Capital Investment Director and he has designed and authored Colorado's first five-year capital improvement program. The firm is a Sports Finance and Public Assembly Facility practice, it's done work in Raleigh and it's done work with all different leagues, the NHL, the AHL, the Eastern Coach Hockey League, the American Hockey League. Steve's got a BA in History from Brandeis and he's attended Columbia. Just to give you an idea of the firm's involvement in public finance programs that involve the Centennial Entertainment and Sports Arena in Raleigh, North Carolina which is an NHL expansion, the BI-LO Center in Greenville, South Carolina which is an east coast hockey league expansion team, the Tropicana Field in St. Petersburg, Florida which is where the Tampa Bay Devil Ray's baseball team plays. They've done the Ice Palace in Tampa, Florida which is where the Tampa Bay Lightning hockey team plays, Miami Arena in Miami, Florida where the Panthers, the NHL team plays. They've also done the Homestead Motor Sports Complex in Homestead, Florida which is auto racing which again is something that is of interest to the City because of our proximity to the Loudon sports car racing facility. They've done Coors Field in Denver, Colorado and the Colorado Rockies baseball team and Legends Field in Tampa, Florida which is the New York Yankees baseball team spring training facility. We felt that it was important that although William R. Hough has done a lot of financings and has had a lot of experience in the south and has created an opportunity for the City here that we felt his experience should be balanced with somebody that has been involved in public finance in the State of New Hampshire and has done local financing and is more familiar with the market here to try and marry up those two types of backgrounds that would be in the best interest of the City. In that regard, the City has also talked with the firm of First Albany Corporation and Mr. David Bernat is here. To give you an idea of David's background he was with Merrill Lynch for a number of years and he's executed over \$4 billions of senior managed and \$8 billion of co-managed financings throughout the United States

including in Connecticut, Delaware, Michigan and New Hampshire. He has done financings for the State of New Hampshire. He served as the banker for the State in over about \$275 million of senior managed financings including every college savings bond issue that the State's ever done. He's involved with the \$126 million co-financing effort in that regard too. He's worked directly with the State in connection with a multi-year effort to secure upgrades of the general obligation credit and as you know the State has been upgraded as a result of those efforts. Mr. Bernat currently serves as a banker to the State in connection with their \$63.24 million general obligation issue that is about to close in December. He's done work in a number of communities, he's worked for the City. He was very instrumental as you recall Merrill Lynch was instrumental in working with the City for its fiscal year conversion bond, he's done some refundings, is familiar with the region and we think that David Bernat and First Albany brings a local experience that compliments the firm of William R. Hough & Company. The arrangement with the company from Florida is that not only would they provide investment banking services to talk about the public financing and the total package, but they would also provide the City with the expertise to secure the necessary franchises that they might need, to bring to the table the private dollars, and to solidify that private side of the operation and in that regard they've presented the City with the opportunity to work with ScheerSports and Carl Scheer and I'll tell you a little bit about Carl Scheer. Carl Scheer spent more than a quarter of a century as a leader on the sports marketing playing field. After spending six years in a successful Greensboro law practice, Mr. Scheer followed his love for basketball to become the Administrative Assistant to the then National Basketball Association's Commissioner Walter Kennedy and that was in 1968 and then in the early 1970's he was named President and General Manager of the American Basketball Association's Carolina Cougars. He aided that club in establishing over 50 team records and received his first ever *Sporting News* Executive of the Year award in 1973. In 1974, Mr. Scheer converted the 37-47 ABA Denver Rockets into the 65-19 Denver Nuggets, earning his second *Sporting News* Executive of the Year Award. In 1984, Carl Scheer served as the Los Angeles Clippers President and General Manager in the National Basketball Association and left that position in 1986 to become the Commissioner of the Continental Basketball Association which is the equivalent of the triple A farm team for the NBA. Under his leadership the CBA grew and developed a number of policies relating to player personnel that have been regarded as a model for professional sports. On January 1, 1988, he was named the first President and General Manager of the Charlotte Hornets. Following a brief return to the Nuggets as Vice President, he created ScheerSports and started to go into providing consulting services. Notable events include the promotion of the Davis Cup tournaments, TournaMania at the 1995 Atlantic Coast Conference Men's Basketball Tournament, and as part of the merger for the ABA and the NBA it was Carl Scheer that started the All-Star Weekend and the 3-Point Shooting and the Slam Dunk Contest. He's Chairman of the East Coast Hockey League Board of Governors and he's been awarded a franchise over the years to compete in that league. So, Carl Scheer has sat on all sides of the table when it comes to negotiating contracts for players, teams, for the Commission, and brings to the City the ability to have some expertise in negotiating contracts and in negotiating private dollars to make sure that the City's interest are protected along with the public finance...people that we are talking about moving forward with you would have the

type of expertise necessary to bring before the Board of Aldermen a project that you could vote up or down. One of the things that was mentioned throughout the course of information receives from all of the various underwriters was the need to update the feasibility study. The feasibility study you recall was presented to the Board by Hunter Interests back in December of 1994 and there's a need to update some of those numbers. You may recall that Hunter interests was in partnership with Arthur Andersen. Arthur Andersen did a lot of the marketing and number crunching with respect to events and it was Michael O'Sullivan, in particular, who did those studies for the City and what we would be talking about is updating those dollars so that we have a better idea as to what is happening with the market and making sure that those numbers and those trends that were so prominent in those studies are still current. Bond Counsel, of course, if Ropes & Gray, has been the City's Bond Counsel for a number of years, Henry Hall and Rick Manley is as usual will handle those duties. The Financial Advisor is Evensen Dodge - Rich Tortora is here with us tonight. Frank Starr is their arena specialist, he's not able to be with us tonight, but he would be involved obviously in helping to pull together pieces of information to make sure that the City's interest are protected as a project of this nature moves forward. One of the things that is important and one of the things that we have had the Solicitor's Office and Bond Counsel looking at along with the underwriters is the City's ability to carry out a project. We feel that the statutory authority that's in place for the City to do. Financings of a number of different varieties as those opportunities arise. We have statutes for revenue bonds, we have a dedicated revenue stream the Meals & Rooms increment that we have talked about over a number of years. There is the opportunity for the Housing Authority to use redevelopment powers, if there is the interest to move in that direction and take on this project on a different scale and there is the Manchester Development Corporation that is authorized, under State law, to own and oversee the operation of a "CenterPlex" type of facility. We've narrowed this project down to three phases. Phase I is to assemble the package and that would take about four months. Phase II would be to solidify the project which would then take an additional two to four months and the final Phase II would be to raise the capital which would be two to three months at the end of that. Phase I which we will be talking about this evening, the project team. Virtually all of the underwriting proposals that we receives said that the first thing you are going to have to do is come in and hire an architect, a facility manager, and a concessionaire. On the private side you may recall that there is opportunities to secure dollars from people that would be interested in managing something like this. So, on a contingent basis you want to go out and instead of talking about the possibility of a firm coming in and providing management services you actually want to go out and get commitments and go through a bidding process and find out who is interested in coming to the City and getting involved in this project. The purpose of Phase I is to flush out the reasonableness and the interest in this project. If there is not interest in the private sector in doing this project, the Board needs to know that upfront and then the project ends. If there is significant interest, you need to know what that is, what the details of that might be, and the purpose of the selection team in addition to the people who were mentioned earlier, the underwriters, bond counsel, and City staff is to talk to architectural people, facility managers, and concessionaires to try and find out what their interest is and get them to a level of commitment that we can bring back to the

Board. Site Selection - one of the problems that we have encountered and I think that that is not uncommon to Manchester and is no uncommon in large projects is where is this thing going to be and I'm sure if I asked each of the Aldermen where they thought it should be, I would get 12 different answers. You may recall that we went through a similar exercise with the Airport. There were six different sites for the Airport and they ranged from Londonderry to Manchester to opposite sides of the Airport. Phase I will come back and say as a result of the efforts what the best site is for a civic center in Manchester. It's going to take a look at the economics, it's going to take a look at some of the different demographics and take a look at all of the different sites that we have all heard of and certainly if the Board has any ideas or recommendations for sites, let us know that and as part of the process the team would take a look at these different sites and just as we did with the Airport and came back and said Site A has these particular qualities and it's going to cost you this much money because of its location or because of some of the peculiarities associated with that site and we would go through that similar exercise so that as part of Phase I you'd know where this place would be located and not just because of availability of sites, but also the economics. Financing Structure - we'd come back at the end of Phase I and say to you, these are the private dollars. We have community support for this project and there's interest in things like sky boxes and private seat licenses and things of that nature or there isn't. But, let's find out. Move forward, find out what the most reasonable site is in Phase I and find out what the cost of private dollars would be, what the availability of those dollars might be and get that on the table. With respect to the Meals & Rooms Tax we're continuing to monitor that, that is one source of public dollars that would be available that we have talked about in the past, we would lay out any other options that might become available to the City whether that be through federal, state or whatever we could find. One of the things that we had talked about with the State was their standing behind any type of a debt issuance with a guarantee. That is not something that the State of New Hampshire is interested in doing giving their financial situation. There is a way for the City to issue the bonds directly, have the private dollars involved, and have a guarantee provided by an insurance company. In other words, if these dollars in the Meals & Rooms formula were not to produce then there would be an opportunity for the private insurer to step in and cover that shortfall. Now, just as with the State you would have to set up reserve funds and there would be costs associated with that, there would be costs associated with the bond insurance. There is interest by bond insurers to come in and provide this service, they have contacted us, their interest is real, but it is understandable that they want to know what the private dollars are going to be. What is the deal that the City is going to be looking at in terms of a complete package, not just the public dollars guarantee, what is the whole private side and what's the risk involved with the entire effort. So, we'll be moving forward with that information. Hockey Franchise - there has to be a major tenant. Not one of the underwriters that responded that didn't talk about the idea about having an anchor tenant and didn't feel that a hockey franchise was unreasonable for the City of Manchester and that that would form the logical anchor tenant. What we would do is come back to the Board at the end of Phase I and say here's the site, here's the private dollars, here's the commitments that we have, here's what this project looks like. If the Board felt comfortable at the end of Phase I with what was before them then you can move to Phase II. Phase II would involve a little more

time and more money. It would involve the bringing on of a contractor and an owner's representative. You may recall that when we built the Airport we followed the same type of a procedure when we brought in a company to work with the Authority to represent the City as the building was being built. You get into a little more detail with respect to the building design, finalize the construction costs, lease negotiations...these are types of things involved in the concessionaires, teams and things of that nature. You firm up your business documents and you come back to the Board at that point for another decision. You now have your site, you know how much it costs, where the thing will be, what your private dollars are and what it would cost to build a building in current dollars. Phase III is when the Board would be approaching a final decision and you have to take a look at the final feasibility, you would be looking at the total project budget for the construction and operation of the facility, you'd be looking at total financing documents, you'd have contracts for your private revenues finalized, and you would sell your bonds. Phase I which is what we are considering tonight involves the following expenses: if we are going to go out and select architects and do those types of things we are going to have to do some bidding and certain advertising in trade journals and as you know that is not inexpensive, it's not very difficult to run up a \$2,000 bill in running advertisements to have people respond to an RFP. William R. Hough & Company services would be \$9,500; First Albany \$2,000; and ScheerSports \$11,500. The update of the feasibility study would be by Arthur Andersen for \$27,000. Cost to development preliminary contracts and leases with Ropes & Gray and Evensen Dodge would be \$20,500 and \$23,000 respectively. The bulk of the cost is with the site selection and trying to narrow down where this building would be and what it might look like in terms of size and scale. The total cost for Phase I would be \$180,000. Now, that is a not-to-exceed number. If the Board wanted to move ahead with something of this nature this evening with this proposal the source of funds would be the Manchester Development Corporation. Actions that the Board could take this evening to move the project forward would include authorizing the staff to proceed with Phase I, adopt a reimbursement resolution (and I'll come back to that in a second), and request MDC to expend the \$180,000 for Phase I to move this project to a point where the Board could take a look at some concrete numbers and contracts for consideration to move it forward. The reimbursement resolution is...you may recall when we did the Airport...if this project were to move forward and if the project were to come to fruition then what we have spent in Phase I the \$180,000 could be reimbursed to the Development Corporation out of the bond issue so that that \$180,000 would be restored to the Development Corporation so it could be used for other economic development purposes and that type of a resolution would come before the Board at its next regular meeting after a decision. The consultants that are with us this evening are prepared to move forward under a contractual arrangement that provides that there is no self-interest, they are not here to develop a hockey team for themselves, a franchise for themselves, they're here strictly to represent the City and bring other players to the table. We want to make sure that everybody knows that it is a level playing field, we're going to go out with bidding for these types of things so that people can come back in and have a chance to compete and it will be the type of thing that I think the Board is accustomed to in terms of going out with these large projects. I think, at

this point, we've gone through the presentation and I'd be happy to answer any questions or certainly the consultants would be happy to answer any questions that the Board might have.

Alderman Domaingue asked do we have any determination yet, Mr. Clougherty, as to what percentage of the project is bonding or will be bonding.

Mr. Clougherty replied you may recall, Alderman, that we have done some preliminary estimates as part of the presentations that we have made to the Legislature a couple of year ago now. We have not heard anything from anyone to reduce those numbers. We think that what would happen is that we should keep an open mind in terms of what the total private dollars are and try and get as much as we can and we think that's the basis of this exercise, is to really find out how realistic the private dollars are. To come in tonight and say to you I think we can raise 20% or 30% or 10%, I think puts a cap on perhaps what the interest of the private sector might be. What we would be asking is to go out to really determine exactly what that private sector interest might be, so that we can maximize it and minimize the public input. If we report back to you at the end of Phase I that the private sector dollars are not up what our expectations were or what yours are, at that point in time you have the ability to stop this project and that would be the end of it.

Alderman Domaingue stated it is my understanding that you're asking this Board to or someone is going to ask this Board to give its approval to expend \$180,000 not to know what the probable amount of bonding is going to be, is that correct.

Mr. Clougherty replied, no, the probable amount of bonding is still going to be about \$45 million, the size of the project is still what it was.

Alderman Domaingue asked so what is the percentage breakdown, refresh my memory because I was in Concord for the presentation, but.

Mr. Clougherty replied when we talked to the Board the last time we thought that of the \$45 million about \$11 million in private dollars could be brought forward, but again that was a staff presentation.

Alderman Domaingue stated so that percentage breakdown was what.

Mr. Clougherty replied we're looking to go 20-25 percent more than that.

Alderman Domaingue stated so 25 percent private, 75 percent public, is that what I'm understanding you to say.

Mr. Clougherty replied what I am saying to you, Alderman, is I think what you want to do is try and maximize the private sector dollars. We can stand before you and say that we think that

there's interest in seat licenses, that we think there's interest in sky boxes, that we think there's interest in people/parties to come as concessionaires, but to tell you what exactly that number is tonight without going out and doing that in the market is not something that I am prepared to do.

Alderman Domaingue stated I agree. Is the City Solicitor's Office represented here tonight and can they give us any kind of an indication as to whether or not this Board can be assured that we're in a good legal position with respect to the \$180,000 being used for this purpose.

Solicitor Clark asked, Alderman, could you rephrase, I want to make sure I understand exactly what you're asking.

Alderman Domaingue stated the suggestion has been, Solicitor Clark, that we use \$180,000 of MDC money and I'm just wondering whether or not the Board has a legal right to be able to proceed in that area.

Solicitor Clark replied, yes, the Board does have the right to request MDC to expend that funding.

Alderman Domaingue stated there would be no challenge to our using that money for this purpose.

Solicitor Clark replied, I can't guarantee there won't be a challenge from somebody, but in my opinion the Board has the legal authority, yes.

Alderman Wihby stated my understanding is that if we don't go forward today and try to pursue Phase I and adopt the three things you wanted us to, we might as well just kiss the CenterPlex goodbye because we're not going to go any further, is that probably true because you're not going to proceed unless you have this study done and if there's any chance of getting a CenterPlex it looks like we should start now and at least do Phase I and after Phase I you're going to report back in four months and at that time we still have a chance...if it's going to be 70% public or 30% or whatever the percentage if it gets higher...at that point we could stop it. We would have probably lost the \$180,000, but if we don't put the \$180,000 in we're never going to know if it's going to survive or not, is that true.

Mr. Clougherty replied we went through the process with the Legislature and we gave them our best estimates and we talked to a number of people, but there are companies that are going to tell you that they're interested and you can make projections, but it's a lot different than having somebody sit down at a table and tell you I'm willing to commit "X" dollars and until you solidify and I think that's what was unique about the proposal from Hough is that they said we could come in and tell you how to do public sector bond issue and talk about guarantees and bond insurance, but that's not going to get the job done. What you have to do is find out what the community support is for this type of facility. Will the community support it through the

purchase of different seats and you're going to have to, we're going to have to be assured that those dollars are there or if they aren't I can tell you I'm going to come before the Board and say it doesn't work and we're going to take a look at these, not just from Manchester but for the area and see what is the level of private commitment that's there once and for all and answer the questions about sighting. I think until you get beyond those hurdles, we can discuss this thing around in circles for another 20 years.

Alderman Wihby moved to the motion.

Mayor Wieczorek stated let's hear from Alderman Elise.

Alderman Elise stated first of all, Kevin, I want to compliment you and your office for endlessly pursuing the financial benefit of the City, if anybody was going to uncover a financial package or a solution to CenterPlex, I think it's going to be you and your office.

Mr. Clougherty replied thank you, Alderman, but as I mentioned earlier the Solicitor's Office, the Development Corporation and a lot of other people have been involved and we appreciated their help.

Alderman Elise stated I know that the Manchester Development Economic Office, some representatives are here this evening and the \$180,000 is in their charge in terms of expenditure, although we have the ability to direct them to spend them, but I would like to hear from some representatives of that office of their opinions.

Mr. Taylor stated it's the intent of the Manchester Development Corporation Board of Directors to hold a special meeting subsequent to this meeting to take an action assuming the Board directs MDC Board to proceed with this, they are going to hold a special meeting to actually vote on that and there will be a time for comment at that point, I don't know if you can hear from them now anyway by the rules of this meeting, but there will be a meeting subsequent to this one if you'd like to hear what some of the Directors have to say.

Alderman Elise stated I do know that you have had several meetings with the new Board, do you have this money earmarked for any specific project.

Mr. Taylor replied, no. The money is there to be used for economic development purposes and clearly this is an economic development purpose, in my opinion.

Alderman Wihby stated, Jay, there's a lot of criticism and we're probably going to hear it again after we leave here today about pay raises, about the schools, about different funding and here we are again voting for CenterPlex. I guess my feeling is and I'm not afraid to say that I'm supportive of CenterPlex, but I guess my feeling is that in order to take care of any of these problems we have to increase our tax base and this is one way of doing it and if we can do it this

way and get this under way and developed the Downtown will expand by itself and things will start moving for the City. Any comments from you, any disagreements with that.

Mr. Taylor replied, no. In fact, I think both feasibility studies that have been done on this project, both the one that was done a couple of years ago and the one that was done previously in 1988 or '89 indicated that there were substantial spin-off benefits to a project like this that would clearly benefit the City and bring the tax base back and, of course, that is what we are all pursuing.

Alderman Shea stated I'd like to ask Kevin if it would be possible to just guesstimate how much Phase II might cost, you have an idea of Phase I, how much would Phase II cost.

Mr. Clougherty replied if you get to the end of Phase I and the private dollars and the public funding, the deal in front of you is something that you're interested in and you've found your site then really what you want to do is proceed with the development of what the building would look like and what it would cost. Most of your expenses during that phase would be architectural and it would probably be in the area of about \$800,000 which again is based on the size of the building and is a bondable cost.

Alderman Shea stated so the City committed \$180,000 for the first phase, you're saying that a guesstimate would be \$800,000 for the second phase which may or may not involve private funding, possibly 25 percent or is that strictly for the City to provide that \$800,000.

Mr. Clougherty replied what I am saying, Alderman, is once you get through Phase I you know how much private money you've got and what the relationship is going to be in terms of percentages and how this project is going to be funded and either you like that arrangement, whether it's 70/30, 60/40 or whatever, at that point in time you have a more definitive project to look at. You're looking at a particular site, a particular preliminary size, and how that would be financed and only then when you have that information in front of you and you feel comfortable that that money will be there to provide that funding should you move into Phase II. If the private money isn't there, you shouldn't do it and the project would end there.

Alderman Shea asked if it were public funding where would that source of public funding come from in the second phase.

Mr. Clougherty replied if it were public funding it could be eligible for bond costs, it could be paid out of Meals & Rooms dollars, it would all be covered under the reimbursable provision of the resolution that I spoke to earlier so that whatever that source of funds might be there would be a reimbursement in the event that you finally went to Phase III and built this thing.

Alderman Shea stated in essence, the burden of that particular phase would be on the taxpayers of Manchester, is that correct if there were no private funding.

Mr. Clougherty replied if that were the case, if there was no private funding and it could only be done with public dollars, I don't think this Board would proceed with the project, that would be the end of it. You would have answered the question.

Alderman Shea asked how does this particular project differ from the original CenterPlex project that was brought before us just recently.

Mr. Clougherty replied I think the difference between the one we're talking about with the State guarantee is that the State wasn't interested in guaranteeing that debt, so you have to look at an insurance arrangement. I think that's different. The other primary difference is what we're saying now is before you go out and commit to any public dollars, at all, whether it's Phase II or Phase III find out what and firm up the private interest. Find out what that private interest is before you move forward so that you're not making expenditures of public dollars based on speculation, that you have reasonable assurances and commitments that these private dollars are there and what the volume of that is.

Alderman Shea asked in the first plan for the CenterPlex what was the private funding involvement, was there any interest in the private funding of the CenterPlex originally.

Mr. Clougherty replied you may recall that as far as we got with the first proposal was to try and lay out what we thought were reasonable dollar figures for private dollars and we were really focusing on the public side. We were taking a look at what the role of State might be in guaranteeing some debt and we weren't able to get out and solidify that private number. We had a lot of interest from different companies and we had testimony from different individuals that they might be interested in participating, but that is a lot different than having somebody come through the process we're talking about today to commit to dollars and solidify that private number, so we're attacking it from a different approach rather than coming in and saying let's go out and commit to the public dollars and go ahead with this project. Let's not do that until we know what the private is and how big that is and whether we feel comfortable with the volume of that money and if we want to even go to the next phase to do that. If there is not the community support for this and if there's not the corporate support for this then I don't think it's something that the Aldermen or the taxpayers are going to be interested in, so we have to get that private side defined first and that's a fundamental difference in the way we're approaching this project at this point in time. We still think the size of the project is going to be the same...whether you take a building and depending on the sighting, I think we've had this discussion. The numbers represented by Hunter in his feasibility have borne out. If you're going to build a stadium of 10,000 and you put it on land that you own it's going to cost you about \$38 million. You can take that same building and have to buy some land to locate this or if you're going to have to put it into a neighborhood with redevelopment then you can get up to \$45 million, so we've used that high side \$45 million as the bogie, if you will, for this project. Those scopes haven't changed. What we're talking about is instead of concentrating on the

public dollars and before we ask for sizable expenditures of public dollars for these different aspects of the program, let's focus on what the private side is and get that crystallized first. We think that's important, I think that's what we were hearing from the underwriters and everyone of the underwriters said that. Their first step was go out and hire a developer or hire someone like a Carl Scheer to go through this exercise for you and find out what the private side dollar were. The difference here is that the Hough Company came in and said we have somebody that will, as part of our services to the City do that for you.

Alderman Shea stated may I just conclude. If the project were \$40 million the taxpayers would be expected to, at least, bear the burden of a minimum of say \$20 to \$25 million, is that correct.

Mr. Clougherty replied again, until we know what the private sector dollars are...

Alderman Shea stated assuming one-fourth would be private, it would be \$30 million and \$10 million from private. So, basically, no matter how we look at it the local taxpayer is going to have to pay for the CenterPlex one way or the other and they're going to pay a lot of money, is that correct.

Mr. Clougherty replied, Alderman, there is no...one of the research things we looked at is how are these things funded. There is no totally privately developed facility in the United States that I am aware of or that I've heard of from any of these consultants, okay. The only one that people talk about that's fully privately financed is the, or the one that is most commonly talked about is the United Center in Chicago. That is where the Chicago Bulls play and the Black Hawks. The reason that is private is the person that owns both of those teams wanted to control that facility and he built the building. But, the City of Chicago through easements and public dollars for sewer support and road support spent \$40 million. So, when people are talking about private buildings and totally private buildings you really have to take a look at the total package and most of them you will find it will involve public dollars. So, the answer is there is no outside source that I am aware of that's going to come to the City and say I want to build a civic center for you. There are private people that will participate, but there are going to be City dollars and they are going to be sizable and you're going to have to issue bonds. If you want to do a civic center in Manchester the City is going to have to step up to the plate. Now, does that mean property tax dollars or does that mean something like the Meals & Rooms increment. We've always looked at it as could you do it with the Meals & Rooms increment and that's the only thing we've put on the table.

Alderman Shea asked could I ask one of the gentlemen to step up to the mike and ask through their own funding what percentage of private funding that they've been able to garner.

Mr. Stern stated my name is Steven Stern, I am Senior Vice President of William R. Hough & Company. In the Greenville project which has a lot of analogies to this project the financing was about 60% public and 40% private. I don't know what we'll be able to achieve here, yet.

Alderman Shea asked was that a high percentage, the 40%.

Mr. Stern replied yes, one of the highest any place that's ever been done in the nation.

Alderman Shea asked what is the usual average, 10, 15, 20 percent private.

Mr. Stern replied it is a function of each market, Sir, and it's a function of each community's interest in the purpose for doing the project and depending upon whether it's a major league facility or a facility that houses a minor league team as an anchor tenant, it ranges from 5% to 20-25% and that in 20-25% is really on the high end. I guess I'm listening to this conversation and it has echoes of many communities over time and it is really a valid public policy discussion about the amount of sharing that goes in and there is a private venture in this case, the hockey team owner whoever that might be who will reap a great deal of benefit out of his association or her association with the building, but from a public point of view I admit to you that I bring certain biases to the table and those biases have to do with urban development and downtown development in revitalization. I am absolutely convinced from the evidence in my own personal experiences around the country that soundly-planned, soundly-sighted public assembly facilities like an arena, not so much ballpark, but the facilities that get 120, 140, 150 events a year adjacent to other areas of economic activity (i.e., downtown) are genuine engines of revitalization. So, listening to the conversation I would say to you don't be too focused on a particular number whether it's 21% to 24% or 32%, it's not the only reason that you should be thinking about doing this project. This project has benefits, you have a grand opportunity to reap the benefits of the City of Manchester from a facility that's going to serve a much larger area and bring visitors in from the entire region. It's one of the reasons that Carl and I are so attracted to the project is that this is a wonderful opportunity for a mid-size building in a market that is grossly underserved by this type of facility. So, there is some terrific opportunities here.

Alderman Shea asked do you find in your background that projects such as this are normally supported by a so-called "county" rather than a "city" or do you find that it is supported...

Mr. Stern replied, no, I don't think there is a pattern. I don't think that there are special...the Greensboro transaction was supported by a tax from a special district that existed from a small amount of city funding, almost no county funding, and a one-time relatively modest \$2.5 million grant from the state. But, it was supported primarily from a similar tax, an accommodate tax which I think is the most common form of public financing for a public assembly facility, no.

Alderman Hirschmann stated my question is for Kevin, the Finance Director. You've asked us to spend \$180,000 tonight and if I understand your Phase I components there's like four components to it, Kevin. There's the project team, the site, hockey franchise, and financing. The financing seems to me to be the primary issue and maybe you're telling us that you need these other pieces of the component to bring Phase I to fruition. My question is, a year ago we

all sat in the Amoskeag Inn Restaurant and a presentation of a civic center was brought forward to us about interest in the City of Manchester and in that presentation Hirsch & Katz from Minneapolis came and I thought they were interested in this market, Ogden Corp. was interested in managing the project, and Spectra Corp. out of Philadelphia was also interested in this market. I think the people of Manchester want this project, what we're talking about is affording this project. These major players from other areas of the country were solicited, I guess by Bob Dastin's group (CenterPlex) and that tells me that the rest of the country is interested in Manchester, as well. I am very impressed with Mr. Stern's group, the Hough Company. What I'm interested in seeing without spending \$180,000 is something on paper. We had a presentation on slide here tonight. I have nothing handed to me, a handout of any kind and no formal presentation. I will be one of the biggest backers of this project, I am 37 years old and I believe Manchester needs this and we want it, but we want to be able to afford it. So, my question comes back to the components, can we do Phase I without spending \$180,000. Do we need an architect in Phase I, do we need the manager and the concessions, can we go ahead with Mr. Stern's group and figure out the private dollars, the Meals & Rooms money and the bond insurance without going to architects and managers and concessions and sites.

Mr. Clougherty replied if you take a look at the budget you'll see that most of what you're taking a look at and what you need to know is the sighting information. There's a lot of dollars in that \$180,000 that are going to tell you where you could site one of these things and whether it's going to get the economic response that Mr. Stern talked about. The other thing that you're talking about is solidifying the dollars and you're right there are a lot of companies that want to come in and would be more than happy to sit down to the table and talk about managing one of these things and we appreciate that interest. We think it's sincere, but if you're going to get into a long-term arrangement with somebody to operate a building of this size that's going to not have some ramifications down the road, then you are going to have to invest some dollars upfront. When we did the Airport, we took a similar approach with consultants to do the feasibility and site locations, we had basically the same type of an arrangement and team approach. You want to make sure you have the expertise on your side negotiating those contracts and commitments so that you have some experience and that you're not sitting there perhaps at a disadvantage and not getting the most that you can get for the City out of some of these arrangements because they are not uncomplicated, you are going to have in addition to the players that you talked about, team managers, promoters and others involved. So, you want to make sure that if the City wants to do this and as I said before no one is going to come in and build this for you. If the City wants to do something along the lines of an arena, it can be done. It has the authority to do it, it has the resources. But, our advice to you is to bring on the necessary people in a Phase I to make sure we define the project properly and we make sure that before you go spending significant amounts of money for a project of this size that you know upfront what you're getting into and you know what the returns are going to be and you're right we can sit down and talk to a number of companies and they can say a lot of things as they have right along and I don't believe that what they've mentioned is inaccurate. But, it's different to get a commitment and if you want to take it to that next phase and get that commitment then we

are going to need the expertise that is assembled in this room to do that and our recommendation would be to go to this next phase.

Alderman Hirschmann stated my final question is a year ago when that project was discussed wasn't it a 70/30 program where we talked about licensing arrangements with an arena and pouring rights with concessions, didn't that make up the 30%.

Mr. Clougherty replied the point I was trying to make is that those numbers were developed in our office taking a look at conversations with people and although we think they might be reasonable, until you sit down with somebody across the table and start to get them to commit those numbers are discussion, they are not necessarily real. We want to say to you, if you're interested in doing a project then you're going to have to invest some money to get the information you need to make a decision and at that point in time when you've got that information you say whether you'd like to proceed for a much bigger project or not.

Alderman Soucy stated, Kevin, you went through a list of the various people that are involved in Phase I and perhaps I missed it, but how was Arthur Andersen selected to do the update of the feasibility study.

Mr. Clougherty replied Arthur Andersen was the original, when we did the original feasibility study and it was through the Development Corporation, the Development Corporation hired Hunter Interests along with Arthur Andersen to do that feasibility study. Now, the piece of the feasibility study that we want updated is a piece that Arthur Andersen did and they have the experience and they have a lot of the information and that's the number that they have put forward as a figure to go and update the information that they did. So, it would be an update of the feasibility study that was previously presented in '93.

Alderman Soucy asked will the scope of that study be expanded in any way. As I recall when the study was presented there wasn't a great deal of comparison with existing facilities within our region, in particular, The Whittemore Center in Durham.

Mr. Clougherty stated exactly, Alderman, and that's what we are looking to do. Before the Board should consider moving to a much bigger project you have to know the answers to questions like that in terms of has the market changed, what is the interest, what is the private sector support and that is exactly what these people will be looking at and I don't know if that's something one of your gentlemen want to comment on or not.

Mr. Tortora stated I am Richard Tortora, Senior Vice President of Evensen Dodge, Inc. and we serve as a financial advisor to the City. With regard to your Arthur Andersen question, of course, one of our interests as Financial Advisors is to see that the goals are accomplished with the least expenditure of monies. We felt that Arthur Andersen as a recognized expert nationally in this field and someone who is ready far along on the learning curve of this particular project

they'd be in the best position to deliver for us a timely, on-target product to get us through Phase I and that's primarily why they were selected.

Mr. Stern stated a feasibility study in a sense is a little bit of a misnomer. In Phase I we're assuming that the project is feasible. It's a question of the operating pro formas and the financials of the project. What are the revenue streams, what are the real revenue streams from concessions, from premium seating, from naming rights, from advertising, from signage, etc. and what are the genuine true, best guess operating expenses of a building that size in Manchester today. So, it's not the question is this plausible, it's rather what are the numbers that make it work and that's what Arthur Andersen did, that is what we would work on to do. But, there was a question earlier "what's the difference between this and the last one a year ago project" and there's one difference and if Carl wants to speak about it...the question really is, if you think about it in plain ordinary English. Phase I is does this idea work and Phase II is go put the business deal together and really reduce it to real business documents and Phase III is go raise the money. Does it work...will we deliver a hockey team? This building needs an anchor tenant, so one of the differences, maybe a pivot almost to the end of Phase I and a mark between Phase I and Phase II is can Carl and with people he works with in the community and elsewhere deliver a provisional franchise with an ownership group as an anchor tenant for the building so that you really have a viable base and that then gets to your private financing questions because then that just makes the building work.

Mr. Scheer stated my name is Carl Scheer and I first would like to thank you for inviting me into your beautiful City, this has been a marvelous experience for me. In speaking about the hockey team that Steven's just spoken about that is an important ingredient to determine the success or failure of any public/private partnership and having that experience in Greenville, South Carolina, let me just talk a little bit about the question has been raised about the public/private balance and I'd like to address that if I might. Greenville, South Carolina, you've heard that mentioned, it's a City that sits between Atlanta and Charlotte. Not unlike Manchester, New Hampshire just probably 30 degrees warmer today, but a City much like this community, very concerned about how it spends its dollars. I was fortunate to be a consultant in the City of Greenville, South Carolina on a similar project, a sports and entertainment facility. A facility that the City of Greenville tried to build for 30 years, they had three public referendums to build the facility...all failed, and I went to school on those referendums and said what was the common denominator that passed through all of those failed referendums. One thing. They argued about whether it should be and how big it should be and what should be in it, but the one thing that was always in those referendums was the facility would be funded by an increase in property taxes and the citizens of the upstate of South Carolina, Greenville, South Carolina said we're not going to fund the sports and entertainment facility by an increase in our property tax, find some other way to do it and we were fortunate, we were very lucky to be at the right place at the right time to come into Greenville, South Carolina with a plan. A plan that really created this public/private partnership that did was the citizens of South Carolina wanted to get done, to build a sports and entertainment facility that was truly a public/private

partnership and that's what we were able to do. We did it through a type of tax that's been proposed here...a hotel/motel tax...a tax that primarily was what we call a "soft tax". People coming into the community were paying for the sports and entertainment facility for the most part, not the residents of the upstate of Greenville, South Carolina. It was a tax that hotel/motel people pay, they paid most of it and then the private side with the private revenues that came from private business people in the community paid the balance. Let me tell you one example about it and I won't bore you with the details, but the request for \$180,000 on a \$45 million project is reasonable if you really are interested in seeing whether this project can work as a public/private partnership. We didn't know that we could raise the private side of money for our project in Greenville, we didn't know that at all, but when we got involved with it we realized that there was this burning desire in the private sector to have a sports and entertainment facility for the community. To raise the quality of life and to increase the economic impact of the community, all of the good things you read about sports/entertainment facilities was there, but how to do it and the way we find out was we went to the business community and we asked them to participate in this private initiative and how we did that was through the sale of suites and club seats, the premium seating program that the business community committed to. Now, this is a very conservative southern City. No one would have believed that we sold 30 suites for \$45,000 a year for five years in Greenville, South Carolina...a business community in a small southern community. But, what it said to us was that it was a business investment being made by the business community in their community and that's how this partnership started. Had a minor league hockey team as its major tenant, had all the major events, 150 events are planned for the Greenville BI-LO Center and it's going to provide the community with a great opportunity to raise their quality of life and provide an enormous economic impact for the community. So, we'll never know exactly what the private side of Manchester, New Hampshire is and sometimes we're too close to the forest to see the trees, we don't know what the private side will do. We think this is a marvelous community and we'd like the opportunity to meet with the business people of this community and this sector to determine what percentage are they interested in providing this partnership with. So, I think you need the chance to look at this deal to see if it makes sense for everyone. Thank you.

Alderman Soucy stated, Kevin, specifically with respect to the seating and the private dollars that would come in as a result of commitments made by businesses could we in an RFP or however this process will proceed with Arthur Andersen specifically request that we see some comparisons with the existing facility in Durham and what their original projections were and what has actually happened in terms of the suites that have been sold and I think their expectations were a lot higher than what has actually come to pass and I would just like us to be able to counter some of those critiques. In addition to that, have you come up with a number for the total or I'm sure you have come up with a number for the total cost of the project because as I recall last time from the previous handout although the cost was \$45 million with the project cost outlay we were looking at a figure closer to \$90 million and would that still be accurate.

Mr. Clougherty replied to answer your first question, we had that discussion and that's one of the reasons why the feasibility is so important. You want to make sure what changes have occurred out there and what differences there are perhaps between Manchester and Durham. So, yes, that would be part. Two, we are still talking about the same size of a project, it's a \$45 million project, if you're going to do it over 20 years and add in the interest it's going to have implications over a longer period of time. How much of that is going to be public and private is what we're trying to crystallize for you so we can bring that back into a Phase II.

Alderman Soucy stated with respect to the guarantee being provided by an insurance company, will that add an additional cost to the project as compared to the State offering the guarantee and if so, how much will that be.

Mr. Clougherty replied depending on the nature of the deal, the private dollars and how it's structured, we had responses from the different companies that range from \$300,000 to close to \$1 million. Either one of those dollars again you have to take a look at that as compared to what the State, we would be required to create the reserve fund. You may not have to do quite that much with this insurance approach. All of those things would have to be factored in and the Board would have to know what all of those details were prior to moving to another phase.

Alderman Soucy stated so the probability is that the insurance approach for the guarantee would also include a reserve.

Mr. Clougherty replied we think it will include a reserve, there may be some tradeoffs there in terms of size and it may be the same dollar impact, it may not be but until you get out and again the insurers are looking at this project and saying well this in terms of the concept is great and in terms of the preliminary estimates you've made are great, but until we see what that number is, we're really not going to quote you something here. The other things that was of interest to them is on the public side is having more history with the Meals & Rooms and by the time that we're ready to make a decision on that, we will have that and it is progressing in accordance with the projections that we've made.

Alderman Soucy asked would that be the insurance guarantee, would that be an upfront payment or is that something that would be figured over the life of the bond.

Mr. Clougherty replied it is something that would be, it's been done either way, I understand. It would be a subject of negotiation and as you look at the deal you try to work that in so it would be advantageous to the City.

Mr. Tortora stated with regard to the insurance component, if we are successful in securing a policy of municipal bond insurance prior to accepting the bid from the insurer we will do a cost-benefit analysis and will only pay for the insurance, if indeed, by adding the insurance guarantee and raising the credit on the bonds to triple A for that issue it makes cost-benefit to the City in

issuing the debt insured. So, for example, if insuring the debt and let's say paying a one percent insurance premium the effect is that we lower interest rates that we attract on the bonds by say let's say 10 or 15 basis points. If indeed, it's cost-effective to purchase the insurance only at that time will we do so.

Alderman Reiniger stated I have seen two reports, one from 1988 by Economic Research Associates and one from 1994 by Hunter Interests, Inc. each of which performed an extensive analysis of site selection, site feasibility and I think each of them looked at similar properties. As we all know, the Hunter Report concluded that the building at Granite Street would be the best location. The 1988 report looked at the Staples lot and the properties across the street from it and both of them rules out some properties including the Hobo Jungle as not being practical and so the question I'm coming to, given that so much time and money has already been spent on site selection is there any way that we can use these prior reports, at least in part, to narrow the focus of the site selection this time so that we can do it faster than the four month period that's proposed because I think as everybody knows there's a lot of proposals before the Mayor and Aldermen now, the For Manchester group is working on a lot of proposals and I'm hearing that almost everything is on hold until we can solve the site selection issue that all properties are on the table again and I'm just wondering at the very least if we can narrow the focus and eliminate some sites so that we're not holding up other projects which could be done this summer.

Mr. Clougherty replied yes, we would take the work that was done previously and would serve certainly as a starting block, but there are other locations that have been discussed that I think need to be addressed and you want to have a dispassionate company come in and take a look at what all these locations are. It's conceivable that you might be able to do this on a faster time frame and that piece of Phase I might be done earlier depending on the number of sites that you can eliminate and the number of...and the speed with which you could do that type of review to get confidence on a site. What we tried to do for Phase I in putting together the schedule is working all of the different elements in terms of the timing there. It's not to say that one piece might be ready sooner than some of the others, we certainly anticipate bringing the Board progress reports rather than coming in and saying here's Phase I, Phase II and letting you know what's going on here. But, I would not want to say to the Board tonight that there is a preferred site and that we could just rely solely on the work that has been done without doing some follow-up; that was the one area that I think was cited in all of the different studies or all of the different responses from the underwriters. We really need to find the right place for this building and once we've found the right spot then we can take a look at the right financing package. So, that's a critical step and we don't want to take a shortcut on it.

Alderman Reiniger asked so is the last site at Granite Street still in the running.

Mr. Clougherty replied, absolutely.

Alderman Clancy stated the Rooms & Meals Tax, are we going to commit that money for 20 years.

Mr. Clougherty replied if after we've completed Phase I and we know what the private dollars are and we know what the site is and what the size of this is, we would present to the Board what we think the options they have available for public funding is. This is how much it's going to be and these are the different ways you can do it. The primary source we're looking at here, we understand that you don't want to have a property tax impact, the Rooms & Meals increment is something that has been identified previously and that's what we'd be looking to do.

Obviously, we want to get as much private money as we can into this project, so that that amount is minimized, but that is on the table and that would be one of the pieces of information we'd provide for you. What would be the cost of the bonds and the interest rates and all those things and what the level of commitment for those dollars would have to be.

Alderman Clancy asked how much money do we get from the State for the Rooms & Meals Tax.

Mr. Clougherty replied we're in that sequence of...if you remember the long spreadsheet that we provided to the Board, we're currently experiencing \$358,000 approximately. Because of the correction in the Medicaid formula, we're in that second year of the \$358,000.

Alderman Elise stated I just wanted to be clear on what we're being asked to do tonight is to approve of funding for the first phase of this particular project.

Mr. Clougherty replied we are really asking for three items: one is to authorize the staff to proceed, the second item the Resolution for Reimbursement that we had talked about earlier would come at a regular meeting as all of your bond issue related items would be, so if you move forward with authorization for us to proceed and direct the Development Corporation to proceed then we would come to you at the next meeting with the Reimbursement Resolution.

Alderman Elise stated the \$180,000 is already money that the City does have in assets via the Manchester Economic Development Board of Directors.

Mr. Clougherty replied that is money that you can ask them to spend, they would meet and consider that.

Alderman Elise stated at this particular point we would not be asking the taxpayers to put in any more money regarding this particular phase.

Mr. Clougherty replied, no, it would be the Development Corporation.

Alderman Elise stated these are assets that the Manchester Economic Development Office already has and they in turn will also be giving their opinion as to whether they would like to spend it or not at a later date.

Mr. Clougherty stated in the event that this project moves forward and the Board is comfortable with all of these different phases and as you're moving along and eventually there's something that comes to fruition then those expenses would be reimbursed to the Development Corporation at that time.

Alderman Shea stated, Kevin, you're saying that the Board of Mayor and Aldermen would have to come up with \$180,000, we would give that back to the Development Corporation.

Mr. Clougherty replied if you are happy with Phase I, you go through Phase II and you like the sighting and eventually go and issue the bonds...the full project plan, the cost that you're expending in this phase could be included and be reimbursed out of that bond issue and the Development Corporation would be reimbursed and that again is something that would be optional to the City and that the Board would have the opportunity to comment on.

Alderman Shea asked didn't you say that the reimbursement would be \$180,000 and you would be coming back to the Board of Mayor and Aldermen to ask them for the \$180,000.

Mr. Clougherty replied if the Board, the Development Corporation would expend these dollars currently. We would come to you with a Resolution at the next regular meeting of the Aldermanic Board for reimbursement. Under Federal Tax Law it describes what can be included as an eligible cost for these types of projects and certainly the stuff that we are talking about in Phase I would fit underneath that definition. If the Board decides that the Development Corporation pays for this and the project doesn't go forward, that's their expense and the City doesn't reimburse them. If down the road we get to the point where you want to do a bond issue and you want to do a project that it is conceivable once you have passed this Resolution you have the option available to you to pay them back so that that money could be again used for other economic development purposes, but that was an optional arrangement that could be discussed at that time. We're simply trying to preserve that option for the Board.

Alderman Shea asked there wouldn't be any time limit that we had to reimburse.

Mr. Clougherty replied, no. It would be done at the time that we issue the bonds as part of that.

Alderman Shea in addressing Mr. Scheer stated I was going to ask you mentioned about the Greenville, South Carolina project, is that completed or is that still in the process.

Mr. Scheer replied it is still under construction now, completion date is August of 1998, funded but construction is not finished.

Alderman Shea stated you mentioned that there was both private and public funding, what is the total cost.

Mr. Scheer replied the total cost of the project was \$63 million and 60% was public money and 40% private, approximately.

Alderman Shea stated the public money was through taxes or real estate taxes, is that correct.

Mr. Scheer replied it was actually three bond issues. One was a present \$1 million tax that existed on the old auditorium they just continued on and then there was an increase in the accommodations tax, the hotel/motel tax for another \$20 million, and that's how basically the public side was funded.

Alderman Shea stated they have a sales tax there, don't they.

Mr. Scheer replied yes.

Alderman Shea stated and a State Income Tax also.

Mr. Scheer replied yes.

Alderman Shea stated and a Real Estate Tax there.

Mr. Scheer replied yes.

Alderman Domaingue stated, Kevin, I think if you needed to get a sense of the Board that you'd probably get a unanimous support for this kind of project, I don't think that there's anybody sitting on this Board who wouldn't like to see a civic center or some kind of a complex such as what you describe, but since there are so many business people here in the audience here this evening, I think, I know that they've been skeptical in the past and they need to recognize that we have a fiduciary responsibility to the people we represent and that is why so many questions tonight and I'd like to go back to the source of the \$180,000 that we're being asked to use to fund Phase I and ask whether you know or whether anyone at MDC knows that the source of that \$180,000 is.

Mr. Taylor replied the original \$1 million in seed money came from the sale of a building at the Airport that was financed through a tax-exempt bond issue. The remainder of the money as best I can recall came from a series of federal grants and most of them in UDAG grants for the 540 North Commercial development, for the Wall Street Tower development, and as a result of those grants which were in most instances loaned out to developers we have real estate owner positions in mortgages in 540 North Commercial and the University Center Associates building

and Wall Street, so essentially I guess I could make a general statement and say most of that money was federal originally and subsequent earnings on that money.

Alderman Domaingue stated, Kevin, could you tell the Board are we obligated to repay the \$180,000 as you've outlined to us this evening, is that an obligation that we must undertake because we're talking about an opportunity for reimbursement and I want to make sure I understand the language you're using. Are we required because it is...has an origin of being federal money that we are required to repay that money to MDC or can we operate with the assumption that the original premise that was presented here tonight that that money is, in fact, there to be used for economic development and means that we can expend it and not have to reimburse it.

Mr. Clougherty replied that is both my understanding and Jay's and the Resolution that we are talking about is merely to preserve your options going forward. If we don't introduce that and pass it, then that's an option that you don't have.

Alderman Domaingue stated, Kevin, when we talked about financing the guesstimate was that the private financing might be as much as 25% which by some testimony might be high, that would leave a remainder of 75% to be divided between the Rooms & Meals Tax revenue and bonding which, of course, would be undertaken by the property taxpayers of the City of Manchester, is that correct.

Mr. Clougherty replied, no. The bonds, the source of funding to retire the bonds would be the Meals & Rooms increment that the City receives; that would be the source of dollars that the City would be putting forward to do this deal.

Alderman Domaingue stated so the Rooms & Meals increment would, in fact, pay for the bonding itself.

Mr. Clougherty replied that's right and that's what we've always presented to the Board is that there would not be property tax dollars, it would be the increment and that would not change. What we'd do here is have an insurer stand behind that stream and in the event that it were sufficient to pay the debt service in a particular year, then that is when that would kick in and that's the premium that you're paying, the insurer to cover, that's the risk that they're running and as you get out in time the more experience you have with the tax and the increment and as the City builds that becomes less and less of a risk. But, that is what they would have to assess and that's how they would determine how much premium the City would have to pay for that coverage.

Alderman Pariseau moved to approve the expenditure of \$180,000 for Phase I of CenterPlex by MDC. Alderman Wihby duly seconded the motion.

Mr. Clougherty stated there's three steps in Phase I.

Alderman Pariseau stated not to exceed \$180,000, your Honor.

Mayor Wieczorek asked Mr. Sherman to get that particular slide back up on the screen.

Mayor Wieczorek stated while you're trying to get that I've been listening here as everybody has been talking and there have been some very good questions that have been asked by the Board and they do have a responsibility to make sure that the taxpayers funds are spent as judiciously as they possibly can, but as I've been listening here to the project this reminded me so much of what happened with the Airport and I can remember the very same conversations about what we should do, what we shouldn't do it and the people that say no we don't want to do it at any cost, but we finally got the project completed and it is the best economic development project that we've had in this area for a long, long time. If you take a look at the jobs that have been created, if you take a look at the tax base that is being increased by the number of firms that have built new buildings especially out there at Manchester AirPark, you can see really what is happening and I don't think there's anybody here that hates to spend money more than I do, but there's a difference between spending money and investing money. Usually, when I spend money I just hope I had a good time, but when I invest money I expect a return on my investment. Now, if we don't care to invest in our own communities, how do we expect anybody else to want to invest in our community and this is what I think the bottom line is and what I don't like to see in any community is to be pitting one portion of a community against another portion of the community. For example, I don't think we ought to be pitting education against trying to get an arena built in our community, I don't think we ought to be pitting road reconstruction or repaving roads against an arena that we want in our community. We talk about the ticket outlet on Elm Street being the fourth largest here in New England. Now, what happens is we're in the export business, we're sending people to Portland to Boston to Springfield to Worcester to Providence, what I'd like to do is to see our community get into the import business and start bringing people here to Manchester because this is really what we are talking about. We're talking about an economic development project, that is what this is all about. And, when you talk about getting all of these other things done...building new schools, doing more for education, repaving the roads, building new roads, the only way you can do that and hope to get many of those things done is by increasing the tax base. Other than that there is only one place to get money, folks, and that's right out of your pockets and that's the reason why I think it's important that we look at this as the economic development project it is because everybody has been interested in seeing that the Downtown area is revitalized. I haven't seen any project come along that is better than this project than I see here today. I know it would be my hope that not only does the Aldermanic Board vote to go ahead with this first phase of the project, but the citizens in our community will see the importance of the project that is being presented here. It's something that we've talked about for a long, long time. It would be the most marvelous thing that could happen in this community and seldom and I mean seldom do you get the opportunity to put together development projects of the magnitude that we're talking

about in succession as we did here with the Airport which is very, very successful and the CenterPlex, I know could be just as successful and really will revitalize the Downtown area. So, I would hope that our Board will support what we are doing here because this is what I consider one of the most important projects that we're going to have in our community for a long, long time.

Alderman Wihby stated the motion should be to adopt all three recommendations.

Alderman Soucy stated a point of order and asked can we have a copy of the resolution, can we see the language that's drafted, I don't think I will vote on anything that I don't have in front of me at this point.

Mr. Clougherty replied and you shouldn't. As I mentioned, if you take an action tonight to do all three what that would mean is that we would draft the resolution, have it on the next regular Board meeting and you'd be authorizing us to move ahead and bring that resolution forward so you can consider that at the next meeting.

Alderman Wihby asked could Alderman Pariseau amend his motion.

Alderman Pariseau moved to amend his motion.

Mr. Clougherty stated what we're asking tonight is authorization to proceed, asking to request the Manchester Development Corporation to expend funds and we will bring before the Board at its next meeting the resolution for reimbursement.

Alderman Pariseau moved to amend his motion as outlined by the Finance Officer. Alderman Wihby duly seconded the motion.

A roll call vote was requested by Alderman Shea. He stated I'm looking out for my constituents who come from a different part of the City where most of the people in the audience are from, your Honor, and can ill afford to pay for the amount of money that will be expended for this project and I'm going to stick up for my constituents and maybe I'll be the only Alderman, but I'm going to do it.

A roll call vote was taken. Alderman Shea voted nay. Alderman Domaingue, Pariseau, Cashin, Hirschmann, Wihby, Elise, Reiniger, Sysyn, Clancy and Soucy voted yea. The motion carried.

There being no further business to come before the Special Meeting, on motion of Alderman Pariseau, duly seconded by Alderman Wihby, it was voted to adjourn.

A True Record. Attest.

City Clerk