BOARD OF MAYOR AND ALDERMEN

September 7, 1999 **7:30 PM**

Mayor Wieczorek called the meeting to order.

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

Present: Aldermen Wihby, Klock, Reiniger, Sysyn, Clancy, Pinard, O'Neil, Girard, Shea, Rivard, Pariseau, Cashin, Thibault, Hirschmann

Mayor Wieczorek stated before I get on with the agenda, I have Thomas Raffio, the President of Northeast Delta Dental here and, Tom, if you could please step forward. Northeast Delta Dental presented us with a check and I'm always very pleased to accept checks. So, on behalf of our City, I really appreciate the fact that you are presenting the City with a check, but I think you ought to let the folks know why you're giving us this check.

Mr. Raffio stated Delta Dental plan, of course, if your carrier for your dental program and one of our nationally-acclaimed total quality programs is called the "Guarantee of Service Excellence Program" and there are seven aspects of service that we guarantee to you and your constituencies one of which is the quick and accurate processing of claims. The guarantee requires us to process 90% of your dental claims from our participating dentists within 15 days and it's a self-reporting mechanism we turn ourselves in. We processed in the last policy year over 89% of your claims within 15 days and if we round it up we would have made the guarantee, but in the spirit of the guarantee we did not make the true 90%, so we've given the City back the equivalent back of one month's administrative fee which is over $13,000 which goes back to the City directly and what it does for Delta Dental…it's part of our continuous improvement program because it allows our employees to learn from their mistakes and so I can assure you that next year you won't be getting a check for $13,000 because we'll be processing claims even faster, so it's part of our Total Quality Program, you're a very valued client, we love to have your business…working with Mark Hobson and again it's part of our Total Quality Program and enjoy the $13,000 and it's helped improve Delta Dental as a corporation, thank you.

Mayor Wieczorek stated I'm trying to figure this out. If we're just a day late each month we could probably have a free ride here for a year, that would be pretty good, but Northeast Delta has been a fantastic company to work with, we're very pleased to have you here, we're very pleased that you are indicating to us that you're very honest and that you're not there to make any excuses for your company, but if you make a deal and you're paying us on the deal. Thank you very much and I appreciate that on behalf of the City.

3. Presentation to the September recipient(s) of the "Spirit of Manchester" Award.

Mayor Wieczorek stated Albertine Morrissette is nominated as the September “Spirit of Manchester” award recipient. Ms. Morrissette was chosen as the September recipient due to her leadership role in advocating that Pine Island Park remain a public park. City officials were faced with a critical decision as to the long-term use of the park. Ms. Morrissette brought forward in a very constructive manner, the wishes of residents that bordered and utilized the park. The Spirit of Manchester Award is intended to honor individuals and groups that have contributed to the quality of life in Manchester, above and beyond the call of duty. The judging committee deemed her efforts in this area so. The Spirit of Manchester Award is sponsored by For Manchester. Alderman Robert Rivard will present her with a certificate and pin.

Alderman Rivard presented the certificate and pin stating on behalf of the citizens of Ward 8, I want to thank Albertine for her efforts and we're going to have a great facility down in the southend of Manchester.

Ms. Morrissette addressed the Board stating this all started out as a little idea, the kind that just pops into your head. Instead of the YMCA going into the park, why don't they just build a playground. From there the little idea because a reality and there are a lot of people to thank for that. I'd like to take this opportunity to say thank you to everyone. Thank you all. I'm sure that all of the children and parents that will play there will thank you as well. Special thanks to Mr. and Mrs. O'Shaughnessy, Mike Lopez, Jackie Domaingue, Steve Vaillancourt, to the Mayor and the Board of Aldermen, to MCTV and to the YMCA. I'd also like to tall you all that while the site work at the park will soon begin we do not have enough funds for equipment itself. It appears that the bids came back higher than expected and we will need help to finish this project. Thank you all, again.

CONSENT AGENDA

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

Minutes Accepted

A. Minutes of meetings held on January 19 and February 2, 1999.

Ratify and Confirm Polls Conducted

C. Approving a request for a one-year unpaid leave of absence for Officer James Chouinard in order to participate in the United Nations Police Advisory Mission in Kosovo departing on or about September 14, 1999.

Approve under Supervision of the Department of Highways

D. Bell Atlantic pole petition #920582

Informational to be Received and Filed

E. Copy of a communication from Mayor Wieczorek to Commissioner Kenison, NHDOT, regarding potential funding for a garage in the southern end of the Millyard.

F. Copies of minutes of a meeting of the Manchester Airport Authority held on June 24, 1999.

G. Communication from the Economic Development Director submitting an accounting of expenses (to date) related to the Phase I and Phase II budgets of the Civic Center Project.

H. Copies of minutes of meetings of the Planning Board held on April 8, April 22, May 13, May 27, June 10 and July 8, 1999.

I. Communication from the Public Works Director submitting additional information regarding the FY2000 - CIP 710200, Intersection Improvement Program.

J. Communication from the MCTV Systems Coordinators providing an update on the installation of equipment required to complete the City Hall video system.

K. Copies of minutes of a meeting of the MTA held on June 29, 1999 and the Financial and Ridership reports for the months of June and July, 1999.

L. Communication from Executive Councilor Colantuono submitting an agenda for the August 18, 1999 meeting of the Governor and Council.

M. Communication from the President of the West Manchester Junior Deb Softball League introducing new League Officers and extending their appreciation to the City for its past assistance.

REFERRALS TO COMMITTEES

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

N. Proposed amendment to City's Litter Ordinances submitted by Alderman Hirschmann.

O. Communication from Brian Shaughnessy seeking the placement of a banner across Hanover Street during the first week of October, 1999 until October 17th in conjunction with the Third Annual Citizens Bank Run for Shelter.

COMMITTEE ON COMMUNITY IMPROVEMENT

Q. Proposed Intown District Graphic Ordinance submitted by Alderman Reiniger.

R. Communication from Assistant Fire Chief Monnelly submitting a copy of a letter relating to St. Marie's Parish Site Improvement Project and requesting permission to construct/ maintain guardrail and vertical granite curb improvements along the westerly and southerly Engine No. 6 property boundaries.

S. Communication from the Health Officer seeking the Board's approval to enter into a three-year lease agreement with 795 Elm Street Realty Trust, Bernard Gasser, Trustee; and further to authorize a transfer of $48,000 from Contingency to cover increased lease cost (estimated at $18,000 for FY2000), computer and telephone rewiring (estimated at $3,500), modular office work stations and office appurtenances (estimated at $26,500). (Note: request based on Feasibility Study: Relocation of Manchester Health Department Offices conducted by Tom Wallace, Architect.)

T. Communication from the ADA and Training Coordinator recommending that the Universal Accessibility Advisory Board be amended to include representatives from the School District and the Parks, Recreation and Cemetery Department, and that representatives of the disability community comprise a minimum of 50% of the Committee membership.

U. Communication from Bernard Nardi, VP of Promotions of Verres Media Corp., submitting a proposal to make available recycling containers for use Downtown or any other location (free-of-charge), however, Verres shall be able to produce and lease advertising space on the containers.

V. Communication from the General Manager of the St. Vincent De Paul Thrift Store requesting the City to donate a small parcel of land near their warehouse on Manchester Street in order to park two tractor-trailers which will be used for their recycling efforts.

COMMITTEE ON HUMAN RESOURCES/INSURANCE

X. Communication from David Crespo, Corporate Account Manager for Bell Atlantic Mobile seeking authorization to insert a letter with City employee's paychecks detailing a new program for all state and municipal employees with special pricing on service and equipment.

COMMITTEE ON TRAFFIC/PUBLIC SAFETY

Y. Communication from Alderman Pariseau requesting that President Road be discontinued as a thru street at the intersection of Ross Avenue.

AB. Communication from Gail Leach Carvelli seeking temporary closure of certain City streets as outlined herein in conjunction with the CMC Community Race/Walk scheduled for October 23, 1999.

AC. Communication from Brian Shaughnessy seeking temporary closure of certain City streets as outlined herein in conjunction with the Third Annual Citizens Bank Run for Shelter scheduled for October 17, 1999.

AD. Communication from Scott Thornton seeking the installation of additional Stop signs at the intersections of Concord Street with Belmont and Beacon Streets.

REPORTS OF COMMITTEES

COMMITTEE ON ACCOUNTS, ENROLLMENT AND REVENUE ADMINISTRATION

AE. Advising that it is has accepted the enclosed reports from the Board of Assessors and is submitting same to the Board for informational purposes.

COMMITTEE ON ADMINISTRATION/INFORMATION SERVICES

AG. Recommending that a request from Georgie Reagan seeking authorization for the placement of a banner on Hanover Street one week in advance of November 3, 1999, in conjunction with Big Band Music events to be held at The Palace Theatre be approved, and further requests that the 2000-2001 Committee on Administration approve the request for placements of banners in advance of February 5, 2000 and May 16, 2000.

AH. Recommending that the Committee on Human Resources/Insurance review and consider a classification upgrade for the positions of Director of Public Works and the Deputy Director of Public Works for taking on "a significant additional workload."

AI. Recommending that the Board of Mayor and Aldermen send a directive to all City departments asking for compliance with the Finance Department's instructions regarding work orders and bills for the School Department.

AJ. Recommending that the proposed organizational chart, titled "Department of Highways, Building Maintenance Division (Proposed Final)" for the restructuring of PBS into the Highway Department be approved; and further that same be referred to the Committee on Bills on Second Reading for Ordinance preparation and technical review.
(Note: concurrent recommendation from the Committee on Human Resources/Insurance.)

COMMITTEE ON COMMUNITY IMPROVEMENT

AK. Recommending that requests for acceptance of funds for various projects be approved as follows:

An amending resolution and budget authorization allowing for the transfer of $749.65 from 1998 CIP 2.10606, Cultural Diversity Task Force to 2000 CIP 211000, Cultural Diversity Task Force.

An amending resolution and budget authorization allowing for the acceptance and expenditure of additional funds in the amount of $50,000 in grants for 1999 CIP 831499, School Security Improvements.

An amending resolution and budget authorization allowing for the acceptance and expenditure of additional funds in the amount of $24,000 (Homeless Stuart McKinney Grant) for 2000 CIP 330100 and increasing School Driver Ed by $22,100; School Title VI by $640,019; School SPED by $42,484; School Adult Ed. ABE by $29,444; School Adult HHS by $13,238; School Adult Diploma by $488; School Adult Apprentice by $16,451; School Vocational Ed. by $46,693; and School Title I by $17,708 with various grants.

An amending resolution and budget authorization allowing for the acceptance and expenditure of additional funds in the amount of $44,500 (NH Department of Health and Human Services) for 2000 CIP 221500, Adolescent Pregnancy Prevention Program.

AL. Recommending that the Deputy Public Works Director's 6/28/99 recommendations for the FY2000 Storm Drainage Improvements project be approved.

AM. Recommending that a request from the Manchester Water Works Director for a renewal lease between the City, Manchester Water Works and Massabesic Yacht Club be granted and approved. The Committee further recommends that the Mayor be authorized to execute such agreement for and on behalf of the City subject to review and approval of the City Solicitor.

AN. Recommending that a communication from the Chief of Police requesting the addition of four (4) new vehicles to their fleet to be paid by Law Enforcement Block Grant Funds and requesting acceptance of a donation from the Members First Credit Union of a 1985 Corvette for use in the D.A.R.E. or G.R.E.A.T. Programs be approved with the stipulation that when the Federal monies run out, the Police Department cannot come to the City and request replacement of these five vehicles.

AO. Advising that it has approved a request from the Deputy Public Works Director to have the City's Recycling Coordinator use a surplus van from EPD.

COMMITTEE ON HUMAN RESOURCES/INSURANCE

AP. Recommending that changes to the Finance Department's audit function as outlined below:
ASM, I Grade 16 Upgrade to ASMII, Grade 17 (M. Tontodonato)
be approved.

AQ. Recommending that a recommendation from the Human Resources Director regarding temporary and part-time employees be approved.

AR. Advising that it has approved a request to bring in a consultant from Strategix (at a cost of approximately $500 per day with fees to be paid with Federal funds and the current budget) to address the issues associated with Police Communication employees.

COMMITTEE ON JOINT SCHOOL BUILDINGS

AS. Advising that it has accepted the enclosed project summaries and contractor's reports for August relative to Northwest Elementary School, the Henry J. McLaughlin, Jr. Middle School, Jr. High School Tech. Ed., Parkside Junior High School Addition, Parkside Life Safety, Memorial High School Science Lab and Other Improvements, ADA Accessibility/ School Elevators, and Central & West Heat & Ventilation Improvements and is submitting same to the Board for informational purposes.

AT. Advising that it has accepted the attached NORESCO August '99 Progress Report and is submitting same to the Board for informational purposes

COMMITTEE ON TRAFFIC/PUBLIC SAFETY

AU. Recommending that certain regulations governing standing, stopping and parking, be adopted and put into effect when duly advertised.

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

B. Ratify and confirm poll approving a request from the Pastor of St. Anthony Parish for the closure of traffic on Silver Street from Belmont Street west to the back street just before Hall Street during school hours starting in the next school year (1999-2000).

Alderman Shea stated the Pastor, Reverend Charles of St. Anthony's Church and the Principal of St. Anthony School asked me to publicly express their appreciation to the Mayor and Board of Aldermen for approval of their request for traffic control at the school. I would also like to publicly thank the Director of Traffic, Tom Lolicata, the Chairman of the Traffic Committee, Alderman Clancy and also the City Clerk's Office for handling this matter in a very professional and expedient manner. Thank you, your Honor, and moved to ratify and confirm the poll conducted. Alderman Girard duly seconded the motion. There being none opposed, the motion carried.

P. Ordinances:

"An Ordinance amending Section 33.024 Classification of Positions of the Code of Ordinances of the City of Manchester by establishing new classifications as listed."

"An Ordinance amending Section 33.025 Compensation of Positions of the Code of Ordinances of the City of Manchester by establishing a new Compensation Schedule."

"An Ordinance amending Section 33.026 Class Specifications of the Code of Ordinances of the City of Manchester by establishing new Class Specifications resulting from the Yarger Decker Classification and Compensation Study."

Alderman Girard stated these items have to do with the implementation of the Yarger Decker Study…we're changing ordinances to adopt the study as I understand what's here and I had these pulled because I want to register my opposition to going forward with the implementation of Yarger Decker and there are a couple of reasons why and I'd like to outline it here. When this was passed and I made the motion to accept the report way back when and since then I've had an opportunity to review the minutes…there are some things that have come to light in recent weeks and months that disturb me greatly. Among them are the salary scales for the departments, the Airport Director was brought in much higher than the study recommended and we were told that it was as a result of the market and shortly after that there was an incident down at MassPort in Boston where the Director of MassPort, Peter Blout got himself into some trouble and the newspaper articles reported that his salary was $120,000 a year for an agency that not only deals with an airport, but a seaport, and has a $330 million budget. Our Airport Director here was brought in at $114,000. I don't see where we're at what the market will bear. So, I have some concerns where these salary schedules are being set and I don't think it's proportionate. The other problem that I have, your Honor, aside from some of the general exceptions and things that have been made as this goes along is that I learned through the budget process that 97% of the City's employees in this study will get the merit increase of 3% every year. When this was brought to this Board, I was all in favor of a merit increase system and I think this study has done some good things to put some evaluative tools together, I think this study did a good job equalizing indiscretions or differences between departments and on balance I think it did a decent job trying to bring things to market with the exceptions that I've noted. But, I was not under the impression and again I reviewed the minutes and if I've missed anything in my review of the minutes please point it out to me somebody, but I was not under the impression that this was going to give the City employees 3% every year under the guise of a merit system and I personally think that as contracts come forward, as we ratified the agreements, put it in contracts, put in an ordinance, I think we're putting the City in a untenable situation should we ever go through and it's likely that we will…situations like we went through in the late 80's, early 90's and I think we're building in too great a cost factor, so I cannot support going ahead with the implementation of the Yarger Decker Study at this time and would like now, not for this meeting, but for the next meeting to put a Notice of Reconsideration on the agenda so that we can discuss whether or not we should continue with this…again there are aspects of the study that I like, there are aspects of the study I believe are worthwhile, but I think we need to take a good hard look at the pay scales going to the departments heads and I think we need to take a real hard look at this merit system because to me any system that, by nature in design is going to give 97% of everybody an automatic 3% raise, at a minimum, it could be as high as 12% in some cases, that's not what I voted for, that's not what I understood it to be. But, that is what I learned when the numbers were being crunched through the budget and I have real serious reservations about that, your Honor, thank you.

Alderman Shea stated I don't want to spend too much time on this, but I want to have the members of the Board recall that this issue was brought up at the School Department, some of the present members of the Board weren't on it at that time and I indicated to them that the Yarger Decker Study would cost a great amount after the second and third years implementation and I asked the members to look at that very carefully and scrutinize that and I think that it's going to come back to fruition, so I think that Alderman Girard is right on the money here and we have to give serious consideration to this study because as I mentioned to you privately, your Honor, there are two different problems that will cost a prohibitive amount of money…first, is the Civic Center and the second is the Yarger Decker Study, so I think we should look at this with a very close and jaundice eye.

Mayor Wieczorek noted this is a referral to the Committee.

Alderman O'Neil stated I didn't come here tonight to debate my colleague from West Manchester, but I specifically remember Mr. Decker sitting here one night in front of the full Board saying he would strongly recommend that we budget for every employee getting the merit increase even though not all of them will. So, your 97% is probably very accurate, I just don't believe that's new information to us, thank you, your Honor.

Alderman Girard stated I have one further point which actually kicked off my whole investigation into some of this stuff and again, I've reviewed the minutes and if I've missed something…but what really got me digging at this was the City Solicitor's request that the study be honored with respect to what it said about his position and he was right to do so because the study made certain representations and guarantees and he followed the process. Well, he tried to follow the process, it went awry someplace, but I started digging around and found that the Attorney General of the State of New Hampshire has a salary of about just under $81,000, has a staff of 129 people and he's got 49 full-time and 3 part-time employees. The County Attorney has a staff of almost 30 with about 20 attorneys under him and his salary is $65,000. So, when you take a look at that and you see that the City Solicitor before an increase is given makes almost $100,000 and after would presumably make about $117,000, I have some real questions about whether or not we have real market equivalency particularly with other private sector agencies and I think it needs to be taken a look at and I'd like to thank Representative Pepino for helping me develop that information.

Alderman Pariseau moved that the Ordinances be referred to the Committee on Bills on Second Reading. Alderman Cashin duly seconded the motion. The motion carried with Alderman Girard duly recorded in opposition.

W. Resolutions:

> "Amending the 1998 and 2000 Community Improvement Programs, authorizing and appropriating funds in the amount of Seven Hundred Forty Nine and 65/100 Dollars ($749.65) for the 2000 CIP Project 211000, Cultural Diversity Task Force."

"Amending the 1999 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Thousand Dollars ($50,000) for the 1999 CIP Project 831499, School Security Improvements."

"Amending the 2000 Community Improvement Program, by authorizing and appropriating various School Grants."

"Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of Forty Four Thousand Five Hundred Dollars ($44,500.00) for the 2000 CIP 221500 Adolescent Pregnancy Prevention Program."

"Authorizing the Finance Officer to effect a transfer of Three Thousand Dollars ($3,000) from Contingency for Parks, Recreation and Cemetery Department for Electric Street/Bremer Hill Landing Clearing."

"Authorizing the Finance Officer to effect a transfer of Fifty four thousand one hundred and eighty-six dollars ($54,186) in line item 0390 (Other Services) be transferred from City Clerk to Human Resources."

Alderman Girard stated I have a question about one item here and it's CIP 221500 Adolescent Pregnancy Prevention Program. I was unable to find any documentation in my packet that tells me where that money is going to be used or how it's going to be used.

Mr. MacKenzie stated this was before the CIP Committee…there is also a budget authorization in your Finance Committee agenda that describes on the start-up sheet a little bit more detail, but just as a quick summary this is going to the Health Department, they applied for and received a grant from the State for a two-year period...this is the first half of that that would allow them to hire a Public Health Specialist to work on adolescent pregnancy prevention as well as setting up a youth advisory group to provide education, the City does have a very high adolescent teenage pregnancy rate and I know that the Public Health Director, Fred Rusczek has been trying to approach this problem and resolve this problem for the last several years. So, this would go directly to the Health Department, the funds would be used by the Health Department.

Alderman Girard, your Honor, Mr. Rusczek is here, could I ask him how these funds will be used.

Mr. Rusczek stated for the past few years a number of agency heads and health representatives in the City have been looking at Manchester's adolescent birth rate. Our adolescent birth rate is roughly twice the State birth rate and on an annual basis we have about 185 infants being born to teenagers each year. While the State's rates are trending down…in Manchester our adolescent birth rates are trending up…in particularly the 15 to 17 year olds are trending up more rapidly. So, in looking at this as a community it was determined that there are components of programs such as the Success by 19 which has been established by the State and in place in other states…components of the program that should be promoted within Manchester. The work of a Public Health Specialist in the Health Department will be to promote those components of the successful Adolescent Pregnancy Prevention Program, not to provide services per se.

Alderman Wihby moved that the Resolutions be referred to the Committee on Finance. Alderman Thibault duly seconded the motion.

Alderman Rivard in reference to the last Resolution transferring $54,186 from the City Clerk's Office to Human Resources…I'm just asking what that is all about and what the need is, if someone could explain what that is.

Clerk Bernier replied I would like to address that at the Finance Committee level.

Mayor Wieczorek called for a vote on the motion to refer. There being none opposed, the motion carried.

Z. Copy of a communication from the MTA General Manager seeking authorization to alter MTA routes due to implementation of a "modified-pulse" system which in effect would require taking away parking spaces along Merrimack Street adjacent to Veterans' Park.

Alderman Clancy stated I know this is a referral but I have received many calls from businesses along Merrimack Street and from people who park there regularly, so we'll let this one ride until we have our meeting and moved that the communication be referred to the Committee on Traffic/Public Safety. Alderman Wihby duly seconded the motion. There being none opposed, the motion carried.

AA. Copy of a communication from Joseph Gardner to Chief Driscoll relative to a recent incident whereby his vehicle was towed due to a paving project on Spruce Street and seeking a hearing and reimbursement of fine(s) paid.

Alderman Clancy moved that the communication be referred to the Committee on Traffic/Public Safety. Alderman Wihby duly seconded the motion. There being none opposed, the motion carried.

AF. Advising that it has accepted the enclosed Revenue Forecast for period ending June 30, 1999 and is submitting same to the Board for informational purposes.

Alderman Girard stated this is a Report of the Committee on Accounts, Enrollment and Revenue Administration noting at the Committee we learned from the Finance Department that the School Department was going to be about $3.3 million short in its revenue for Fiscal '99 and that they were going to be in the tank about $700,000…that is over expended their budget by that much for Fiscal '99 and I wondered whether or not there were any updates to that information or if you as Chairman of the School Budget Oversight Committee or whatever it's called had any further information because that's a $4.2 million swing.

Mayor Wieczorek replied I do not have any information and I haven't talked to them about any projected deficit and the Oversight Committee, as a matter of fact, while we were meeting to make sure they didn't have another deficit…we were lead to believe, I believe in Committee, that everything was going pretty much according to schedule. If I'm wrong then any member of the Committee may correct me here.

Alderman Girard stated that is what we were told at Committee on Accounts.

Alderman Hirschmann stated as Chairman of that Committee, Alderman Girard is right that School is going to have a deficit in Fiscal '99 and I think that your Oversight Committee had better get in action and check into it and moved that the report relative to the Revenue Forecast be referred to the Special Committee on the School Deficit. Alderman Girard duly seconded the motion.

Alderman Wihby stated Dick O'Shea from the School Department is here.

Mr. O'Shea stated we don't, at this time, project any deficit and as late as last week we met with City Finance and the auditors and we're not up-to-date on all of our revenues, so until we get all of our revenues in particularly some of the tuition revenues it's premature at this time to say exactly what the balances will be. However, at this time School is not projecting nor are our auditors with the information we have at-hand that there will be a deficit and I haven't seen anything to the contrary.

Alderman Wihby stated Randy is sitting over here and obviously the report came from Finance, so are we not talking again to Schools or what's happening.

Mr. Sherman stated the reports that we have right now show the schools sitting with a $700,000 operating deficit. We did meet with School last week, we met with Mr. O'Shea and Mr. Tanguay, we met with the auditors…they have ensured us that they do have some entries that still do need to be made…they've got to go back, they're got to clean up some of their federal programs…there are some charges that should be properly be accounted for in that regard and again as Mr. O'Shea said they are working to overcome the deficit that is currently on our reports, but in the end it remains to be seen whether that is the case and again we are working with both School and their auditors.

Alderman Wihby asked was that reported to the Committee that those numbers are fluctuating and it might not be or did it sound like that's what the numbers were.

Mayor Wieczorek stated that is the report that went to the Committee on Accounts, I'm assuming.

Alderman Hirschmann stated this is an unaudited report, not the final report, it is what was available.

Alderman Shea asked when will the final figures be in. Is it another couple of months or what.

Mr. Sherman replied with the court ruling that came down on the School Department we're trying to work as quickly as we can to actually separate out the two parties here. The goal right now is that by the end of September…maybe to get the rest of their numbers in and then from

that point we'll probably need another month to go back and actually separate them out from the City.

Alderman Shea stated so you're figuring the end of October, first of November.

Mr. Sherman replied I think the end of September we'll know where they were for Fiscal '99, but then at that point we've actually got to go back and take the City's balance sheet and really break it out saying these receivables are the Schools, these payables are the Schools, this liability is the City's and actually go back through a process with the auditors to make sure that when they do go off on their own they're bringing the right numbers with them, but I would think that by the October meeting we should have Fiscal '99 School numbers.

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

Deputy Clerk Johnson stated the Committee on Human Resources met this evening and have requested that AH be substituted with a report from the Human Resources Committee. She noted that the Item AH was a report of the Committee on Administration requesting that the Committee on Human Resources/Insurance review and consider a classification upgrade for the positions of Director of Public Works and Deputy Director of Public Works. Deputy Clerk Johnson submitted the report as follows:

> The Committee on Human Resources/Insurance respectfully recommends that the Public Works Director be upgraded from a Grade 29 to a Grade 31; and further that the Deputy Public Works Director be upgraded from a Grade 27 to a Grade 29, both to be effective October 1, 1999.

On motion of Alderman Sysyn, duly seconded by Alderman Klock, it was voted that the report of the Committee on Human Resources be substituted for Item AH.

Alderman Hirschmann stated all of these consolidations that the Board has put an effort into, it appears that this plan is working, so it's a good consolidation, but I don't see savings…the guys are going to get a big pay raise. I like the man, but I don't like the method, I guess.

Mayor Wieczorek stated he's assumed a lot of additional responsibilities.

Alderman Hirschmann asked how many other people are going to be getting this, just these two.

Mayor Wieczorek replied well, I think if we have more people that assume more responsibility it is something we have to take a look at. You're talking about a substantial change here. You have to remember we took a large department actually, moved it into his department, and moved Aggregation over to his department, have moved the fleet over to his department…he's got a lot of things going, he's got a lot of his plate.

Alderman Shea stated I'm on the Human Resources Committee and I watch carefully who gets what and this man deserves what he's getting and so doesn't his Assistant. He has assumed more than one job, he's doing the job that three or four people were doing before and if we want to reward the people that are really working hard, we should take into consideration the additional functions and responsibilities that they are assuming and he did this without grumbling or without any kind of…so I believe, your Honor, that we are justified in approving this.

Alderman Girard stated I would just like to add to Alderman Shea's comment and say that in the reorganization plans that were brought before the Committee on Administration the Public Works Director did not ask for an upgrade for either himself or his Deputy, it was recommended by the Committee after seeing what they had presented.

Alderman Sysyn stated when we took the vote tonight at Human Resources it was a unanimous vote and he didn't ask us for this.

Alderman Thibault stated I think the thing we have to look at is that the Public Works Director that was there before and look at his salary and how we have broken up that department to have some of these other people take on some of these functions. I'd have to agree with the two Aldermen who spoke before me that Frank Thomas, I think, has done an exemplary job of taking over these functions and when any one of us on this Board need a question answered, we get it. We never had that before. So, let's take that into consideration before we make any decision here. Thank you.

Mayor Wieczorek called for a vote on the substitute report. There being none opposed, the motion carried.

Alderman Pinard moved to accept the report of the Committee as substituted. Alderman Sysyn duly seconded the motion. There being none opposed, the motion carried.

Mayor Wieczorek presented nominations as follows:

Highway Commission:
Henry F. Bourgeois to succeed Catherine A. Schneiderat , term to expire January 15, 2002.

Parks, Recreation & Cemetery Commission:
Howard Keegan to succeed himself, term to expire July 7, 2002.
William Allen to succeed himself, term to expire July 7, 2002.

Under the rules, Mayor Wieczorek advised the nominations would layover to the next meeting.

Alderman Thibault asked could we ask those nominees who are here tonight to stand up, so that we can get to know who they are.

Mr. Bourgeois stood and was recognized.

6. Confirmation of nomination of Jacquelyn M. Domaingue to succeed Michael Netkovick as a member of the Conduct Board, term to expire October 1, 2001.

Mayor Wieczorek stated I want to let the Board know that on the Conduct Board the Mayor has two appointments plus an alternate. The Aldermen have two appointments and an alternate. The nomination that I make now has to be a former Aldermen noting Michael Netkovick was the man who has taken a new job and is living in Connecticut and I presume you received a list of the Conduct Board noting the other appoints of mine are Sr. Carol Descoteaux and the Alternate is Siobhan Tautkus. While the Aldermanic appointments are James W. Craig and James J. Barry and the Alternate is James J. Tenn.

Alderman Hirschmann moved to confirm the nomination of Jacquelyn M. Domaingue to succeed Michael Netkovick as a member of the Conduct Board, term to expire October 1, 2001. Alderman Shea duly seconded the motion. The motion carried with Alderman Rivard duly recorded in opposition.

Alderman Rivard stated there's a long-standing practice, as long as I've been involved that the individuals who are nominated contact the Alderman expressing an interest in their position and asking for support, I did not get contacted, I was not asked for support, so obviously I have a hard time supporting someone who doesn't ask for my support, so that is why I am voting in opposition.

Alderman O'Neil asked based on what the Clerk handed out earlier, do we need to take action on one of the Aldermanic appointments.

Mayor Wieczorek noted James J. Tenn, October 1, 1998 and James W. Craig, October 1, 1999 are coming up.

Alderman O'Neil asked would it be appropriate to address those tonight.

Alderman O'Neil moved to nominate James J. Tenn to succeed himself as an alternate member of the Conduct Board, term to expire October 1, 2001, and nominated James W. Craig to succeed himself as a member of the Conduct Board, term to expire October 1, 2002. Alderman Wihby duly seconded the motion.

Mayor Wieczorek stated we consider them elected.

Alderman Girard stated I have no problem with any of the people that were just brought forward by Alderman O'Neil, but I think it should be an agenda item and I don't think business should be done this way, so I am going to oppose the nominations coming in tonight, if I have to be recorded as opposed to confirming the vote, then so be it.

Mayor Wieczorek stated if we would like to have us make this decision tonight, you can, I'll accept a motion to suspend the rules.

Alderman Pariseau moved to suspend the rules to confirm the Aldermanic nominations to the Conduct Board. Alderman Clancy duly seconded the motion. The motion carried with Aldermen Hirschmann and Girard duly recorded in opposition.

Alderman O'Neil moved to confirm James J. Tenn to succeed himself as an alternate member of the Conduct Board, term to expire October 1, 2001, and James W. Craig to succeed himself as a member of the Conduct Board, term to expire October 1, 2002. Alderman Wihby duly seconded the motion.
The motion carried with Aldermen Hirschmann and Girard duly recorded in opposition.

7. Confirmation of nominations to the Conservation Commission as follows:
Jennifer Fox to succeed Mark Gross, term to expire August 1, 2000;
Joanne McLaughlin to succeed herself, term to expire August 1, 2002; and
Eric Skoglund to succeed himself, term to expire August 1, 2002.

On motion of Alderman Wihby, duly seconded by Alderman Sysyn, it was voted to confirm the nominations to the Conservation Commission as presented.

8. Confirmation of nominations to the Police Commission as follows:
James A. McDonald, Sr. to succeed himself, term to expire September 15, 2002; and
Gilbert A. Vaal to succeed himself, term to expire September 15, 2002.

On motion of Alderman Pinard, duly seconded by Alderman Hirschmann,it was voted to confirm the nominations to the Police Commission as presented.

9. Confirmation of the nomination of Peter D. Capano, to fill a vacancy on the Southern New Hampshire Planning Commission such nomination having been made by the Planning Board.

On motion of Alderman Pariseau, duly seconded by Alderman Reiniger, it was voted to confirm the nomination of Peter D. Capano to fill a vacancy on the Southern New Hampshire Planning Commission.

10. Presentation by Karen McGinley and M. L. Geffert relative to the Bridge and Elm Street Purchase and Sale Agreement and associated documents.

Mr. Pinard stated I am Ray Pinard from the Manchester Development Corporation, with me this evening on my right I have Attorney M. L. Geffert from the Law Firm of Devine, Millimet who represents the MDC on this transaction. The last time we were here Karen McGinley who is to my left in the gallery here represented us and spoke on our behalf. Shortly, after our presentation she had to take an unexpected medical leave and the situation was handed over to Attorney Geffert and, therefore, Attorney Geffert has concluded the documentation, the transaction we'll be speaking of this evening. I also have with me on my left the buyer of the

property and developer, Louis Grossman from The Grossman Companies of Quincy, Massachusetts. With your permission, I would like to proceed this evening by picking up from my last presentation and bringing you current with any changes that have been made to the documentation that was provided to you on August 27th from Jay Taylor's office. I will turn it over to Attorney Geffert to discuss for you the changes that have been made in the documents we attempted to address every issue that was brought up at our last presentation, we wrestled with several items many of which we were able to resolve and some of which, for various reasons, we weren't able to fully address, but we did the best we could and everybody has worked very hard on this to bring you a transaction that we feel is in the best interest and the future of this City. After Attorney Geffert speaks to the changes in the document and the timeline of the transaction and the sequence of events I'll speak briefly and then we'd like to open it up with your permission for any questions that the Board may have. So, with that I will turn it over to Attorney Geffert.

Alderman Pariseau asked, your Honor, are we going to set a time limit on this presentation or what.

Mayor Wieczorek stated a time limit, I think when you get the information you need to make a decision that's the time limit…proceed.

Attorney Geffert stated we're going to try to make this as quick as possible while being thorough and addressing all of your concerns. In May you were presented with a Letter of Intent; that Letter of Intent was an expression of what was possibly to come. We were fortunate in that presenting that to you we got a number of positive comments. The Manchester Development Corporation took your comments and went back to the developer and as a sign of what good is to follow the developer reacted very positively to all of the comments you gave. What I'd like to do tonight is give you a brief description of what's about to unfold if this project is approved and how the documents that were delivered to you work. So, let me begin. If this evening, you approve the project as soon as possible after tonight's session a Declaration of Restrictive Covenants will be filed with respect to the property. What that means is that from that moment on the property's use is going to be set by this body via the approval of that Declaration to be at least 120,000 square feet of development for Class A office, luxury hotel, luxury housing with the possibility of street level retail. I set that up there as the first thing for you to consider because that is, in fact, the development your approving and tonight by approving this project you are assuring that nothing else gets developed without its first coming back to you at the very least. Those Declarations are going to be filed with the Registry of Deeds and they will stick with the land. Next, there will be a Lease and a Purchase and Sale Agreement…what will happen under those is as follows: on the day that that gets signed and we're hopeful that if we are approved this evening those will get signed within five business days. Something called the Due Diligence period will begin after the buyer deposits $50,000 for the benefit of Manchester Development Corporation as the seller. During the Due Diligence period which is a sixty day period the buyer will investigate the property, investigate the market and begin the initial phases of development. At the end of that sixty day period the buyer will make a decision…do I go

forward or do I not, have I discovered something on this property that makes it impossible for me to proceed or not. This period of Due Diligence was highlighted in the Letter of Intent. What's happened because of your good comments is that Manchester Development Corporation has retained the right during this period to market the property. So, if there is a better deal out there and we're not sure there is, but if there is a better deal out there we're not going to lose hold of it while the property is waiting to be investigated and that deal can be something that is pursued in tandem with the investigation of the property; that is to ensure that the concern of this body that that property not get tied up for no value to the City of Manchester is addressed and has been addressed up front and I want to commend the developer for agreeing to that understanding that your concerns were real and important to you. Once that sixty day period is over the developer has a choice. The developer can say I can't proceed or the developer can proceed at which point that $50,000 deposit gets augmented by another $25,000; that money goes into the bank and is what you would consider to be a deposit on any real property, purchase or sale that you are familiar with. Once that Due Diligence period is concluded the clock begins for development. Ten business days after that Due Diligence period the buyer must begin to prepare its permit applications; that means that the design phase goes forward, all of the engineering gets done, he works with the City and the Building Department to get things in order so that all of the permits can be issued for the property. Within six months the buyer has to file applications for permits and that means that essentially all of the groundwork for this development will have been completed in terms of the design of the project. Then there will be a period during which the permits can be obtained and that's about nine months from the date that those permit applications are filed. Assuming that the buyer gets its permits then the buyer must proceed at that point to pay rent and to begin the next phase which is…let me back up for a second…there is the opportunity at that point that if the buyer isn't ready to proceed for the buyer to buy time by depositing an additional $25,000 with MDC, but assuming the buyer doesn't do that then the buyer, at that point, will proceed. Within one year of obtaining all of the pre-condition permits, more or less, the buyer will begin construction of the project. Rent commences somewhere in the window between the date the pre-condition permits are obtained and the construction commences and I can go into specifics on that, but rent is that first deposit of $75,000; that first deposit gets credited to rent. So, now we have money in our pockets, it's no longer a deposit that's subject to forfeiture. At that point, it is the Manchester Development Corporation's deposit. At all times, we will have money in the bank from the close of the Due Diligence period…as soon as I'm done, we will certainly take your questions, I know there are concerns.

Alderman Wihby stated you're rattling off all of this time and I don't know if everybody understands…you're rattling off thirty days, sixty days, six months, nine months, one year…what is the time from today to the time that a permit has to be pulled if you wanted to go all the way, it sounds like it's two years.

Attorney Geffert replied I would say that by August, 2000 the buyer must have its pre-condition permits.

Alderman Wihby stated then he has nine months, a year from there…

Attorney Geffert replied a year.

Alderman Wihby stated so August of 2001 will be construction.

Attorney Geffert interjected or earlier.

Alderman Wihby asked up until August of 2001 how much would the City get.

Attorney Geffert replied you start off with the $75,000 in rent that is paid…assume that that comes in in 2000, then the City would get another $75,000 before 2001 and the buyer probably would purchase the property by 2002 roughly. The purchase occurs when there is a takeout loan and I'm assuming that that will essentially occur when the construction is done. We're estimating that in the year 2002 that will occur and I looked over at Mr. Grossman because it's connected very much to moving from the construction to the post-construction financing.

Alderman Wihby asked how much does the developer lose up until August of 2001 before he sticks a shovel in, what does the City get.

Attorney Geffert replied before the purchase is concluded.

Alderman Wihby stated in August, 2001 he is going to start construction. If he doesn't start then…

Attorney Geffert replied $225,000.

Alderman Wihby stated we would get $225,000 if he didn't start then.

Attorney Geffert replies yes. Let me say that you have to watch what the developer does, if for some reason the City is at fault and I mean the City or Manchester Development Corporation doesn't hold up its part of the bargain then here may be some dispute over whether those deposit monies would go to the City. But, essentially at that point you're talking rent and the likelihood is that we would not be in default and, therefore, that money would be in our pocket with no questions asked.

Alderman Wihby stated so in September of 2001 should he pull all the permits, do all that stuff and then for some reason somebody backed out or whatever and he didn't go forward, does the land revert back to the City.

Attorney Geffert replied it would be in the hands of the Manchester Development Corporation. At any time that the lease or purchase agreement is breached and terminated everything stops

and there's a clause in the purchase agreement that specifically provides that and a clause in the lease that likewise provides that.

Mr. Gross stated the question of how much money the City would get does not include all of my costs because during the permitting process I estimate that I'll be spending close to $100,000 in money that doesn't go directly into the City's coffers, but is a cost of mine.

Mr. Pinard stated I might add that the City would also get the benefit of all of the work that Mr. Grossman would do up to that point would revert back to the City along with the deposits and rents paid.

Attorney Geffert stated I might also add just for the record that during the period from which the develop takes over the property and begins to actually lease it property taxes would be due from the developer, so those would be direct payments to the City. Just to address some of the comments that came out in May there was one comment that was a very good one which had to do with the term of the lease. Why, if the whole idea is to get this property developed and get it bought did we have a 30-year lease. Well, we looked at that and we thought you're right. We reduced the lease term to ten years and, in fact, we don't anticipate that the whole ten years will be used, but we wanted to be on the safe side and we wanted to be reasonable. So, we have a ten-year lease reduced from 30 as you requested. We want to be clear with you. There was some concern as to how much would be developed, why couldn't the property be divided, etc. We took a very, very hard look at the lot and its frontage and the rules about subdivision in this City…what we determined was that subdividing the property would not assist the development, if anything, it would undercut it because you can't develop a good facility on half of that property, you just can't do it because either you lose your frontage on Elm or you've got too little frontage on Elm. So, we went forward and we got the highest commitment we could from this developer based on the market which is 120,000 square feet and the market may shift at any moment and if it shifts you can believe that The Grossman Companies is not going to look to minimize what they can get out of this property, they are going to try and maximize it and we have their commitment to do so, but at this point the Declaration of Covenants which will get filed publicly tomorrow specifies a minimum of 120,000 square feet.

Alderman O'Neil asked, your Honor, can we jump in there.

Mayor Wieczorek asked do you have much more of your presentation.

Attorney Geffert replied no, I do not.

Mayor Wieczorek asked do you mind if questions are asked.

Attorney Geffert replied, no, it's a pleasure.

Alderman O'Neil stated I want to make sure I understand this correct. The commitment is to build one building up to 120,000 square feet.

Attorney Geffert reiterated a minimum of 120,000 square feet.

Alderman O'Neil stated a minimum on what's called Phase I, is that correct.

Attorney Geffert replied yes.

Alderman O'Neil stated if, for some reason, the economy changes and you can't do something with Phase II is there any way that is an out for you on Phase II that MMDC…I understand what you're saying about best use of that land for two phases is to keep it all as one parcel, is there an out that's in your best interest to maybe take Phase II and return that portion of the property back to the MDC or do you sit on that vacant land until the market allows for Phase II to go forward.

Mr. Grossman replied I do have the ability to sit on the land till the market returns to the point where I can develop it.

Alderman O'Neil asked what about if you decide it's in your best interest to get out of that portion of the property, what happens is we're committing to the entire property with a vote tonight, correct.

Attorney Geffert replied yes, you are and can I just address that…I'm going to use this wonderful prop of my folder. If you look at this from your perspective this is Elm and this is Bridge. This is the frontage that counts right here on Elm and the property is more or less shaped like this. The difficulty that Mr. Grossman or any developer would have is you want your frontage on Elm, right; that is where you're going to get your street traffic, that is where you are going to have your entrance to your office building, most likely. To only ask him to develop 120,000 feet, but using only a portion of that frontage means that he's building a building that doesn't work, so if anything he's going to build on the whole property, but he may not build up or he may not build fully up in the back or use that as a parking area of something like that, it's very difficult and this is what we discovered to try and split this property because it just isn't big enough to allow for 120,000 square feet plus some spot for the 80,000 that isn't necessarily going to be developed and we really wrestled with that.

Alderman O'Neil stated so what we're saying then or what you folks are saying is that this site could be one phase, there may never be a Phase II and Phase I could be 200,000 square feet, correct.

Mr. Grossman replied that is correct, but I want to point out though that our interests are aligned together. I'm pay $1.350 million for this land when it's purchased…in the meantime, I'm paying rent and my incentive is to develop it to the maximum. So, if the market is there my interest is going to be in developing it as quickly as I can.

Alderman Wihby stated basically we are talking about two phases the first time and the problem that we had with it was that Phase II might never happen and what they've done is they said fine, we'll just eliminate Phase II and vote on the one project of 120,000 square feet; that is basically what's happened. But, there could be…I thought we were listening to something like 400,000 square feet could be there or something that is developable. If you had someone who wanted to put a hotel in there now on top of the 120,000 square foot building, it would work.

Mr. Pinard stated the developer has the option of Class A office spaces, luxury housing or a hotel or a combination of any of the three.

Alderman Wihby stated the lot is big enough to accommodate a hotel plus another 120,000 square foot building.

Mr. Pinard stated based on the work that we've done which was not an in-depth market study of what is feasible on the high end of the lot about 200-210,000 square feet is what we found would fit on the property. In consideration of the neighboring buildings…what else is in that area Downtown. Yes, somebody could put up more but whether or not it's configured with the attendant parking can be provided as well to support the various uses that would go into a multi-use type building, I don't have that answer.

Alderman Wihby asked what's the land appraised for, do you know.

Mr. Pinard stated I don't have it right off the top of my head but it was right in the range of the asking price.

Alderman Girard stated I'm not really thrilled about the idea of another office tower, so I'm wondering…we've heard some discussion here about what the market will bear, market conditions…I'm wondering if you can share some of the underlying considerations that you have assessed in determining what the market will and won't bear and why you've come up with this number of at least 120,000 square feet.

Mr. Grossman stated historically our company has developed office/industrial/ retail and apartment buildings. We have not done a hotel…does that mean that if there was a demand for a hotel we would not see our way to do a hotel…we would probably joint venture it with someone. No one has approached us and said that they'd like to develop a hotel in Downtown Manchester and I have spoken with a friend who is in the hotel business and that is not in the cards right now; that doesn't mean it might not be in the future. I will also be honest with you and tell you that we have not completed our market study. So, I'm not sure 120,000 square feet is the right number. Our initial analysis is that 120,000 square feet is the right number. If it turns out that our analysis is wrong and the demand is wrong we will certainly build more. If it turns out that our analysis is wrong and we can't build 120,000 square feet, I have to come back to this Board and seek approval to do something less than 120,000 square feet.

Alderman Girard asked as you've gone through your market analysis has any consideration been given to the prospect of a Civic Center being built at the corner of Elm and Bridge.

Mr. Grossman replied we have not completed a market study; that is something that we will be doing within the sixty days Due Diligence period…the answer is no.

Alderman Girard asked do you anticipate considering that.

Mr. Grossman replied it will certainly play in the analysis. The appraisers analysis, the market study analysis, what effect it will have I don't know.

Alderman Shea stated, Ray, this is as well for you. In looking over this sheet and just summarizing from the year 2000 to 2009 the City of Manchester would receive $2.795 million in taxes from this particular property if it were built.

Mr. Pinard replied yes. If I could address that. What we did, we went to the Assessor's Office and asked for a conservative, rough estimate…obviously, this is nothing can be help to, but if a project of this type was to be built today based on 120,000 square feet of office space, assessed value is determined April 1st of each year and you can see the other footnotes that we have here, what would this project throw off over the next ten years in property taxes. On the right hand side of the handout that you received in your package you can see what the estimated property assessed value would be at the current tax rate growing at 2.5% a year and it would throw off approximately $2.8 million to the City of Manchester over the ten year period beginning in April of 2000 and it would also provide to MDC $1.575 million that would be available for reinvestment in the City of Manchester.

Alderman Shea stated just to go back about five years whatever we receive from that property…

Mr. Pinard interjected it has cost us. We did receive a little bit of rent…I'll take that back, a few hundred dollars a month when they were doing some repairs on Elm Street, the Elm Street Widening Project.

Mayor Wieczorek stated I have one question and it has to do again…I just wanted to have you again repeat the date where the City still has an opportunity, in the event that somebody comes along with a project that is going to be better than the one you are proposing, what is that timeline again for the City.

Attorney Geffert replied we have sixty days from the date that the agreement gets signed to go out and beat the bushes and get something better and the only thing I want to add to that is it has to be better by at least $50,000 because to the extent that we accept a better offer, we've got to pay Mr. Grossman for his reasonable costs up to a maximum of $50,000.

Alderman O'Neil stated I guess I'd address this to you, Ray…parking -- I was just reviewing the documents and I couldn't find it, but what parking agreement is there.

Mr. Pinard replied The Grossman Companies will be building their own parking in the basement of that building and I would like to have Mr. Grossman address that.

Alderman O'Neil asked is that part of the 120,000 square feet.

Mr. Grossman replied no, that is in addition, but in additional we have the right to lease up to 60 parking spaces from the City at fair market rent.

Mr. Pinard interjected at the Pearl Street Lot.

Alderman O'Neil asked approximately how many spaces will be built on-site.

Mr. Grossman replied it will have to be determined. About two to three per thousand, so you're talking about 240 to 360 in total.

Alderman Thibault asked if, in fact, you develop this 120,000 square feet that you're proposing now, what if anything could happen to that other piece, if you will, that is left there dangling at that point.

Mr. Grossman replied the challenge that we have for the site we're going to be looking at very closely during the sixty days is how can we design a building that is expandable. Expandable either on top of or adjacent to so that we can maximize eventually when the market demands the use of the site; that is the real challenge and I can't tell you exactly what those figures are going to be. It might be we're going to end up having to build 130,000 and 70,000, I just don't know right now.

Mr. Pinard stated if I could address that concern further. The land will not be undeveloped, it will be landscaped to make the area presentable, it isn't going to be left there as undeveloped.

Alderman Thibault stated that was really my concern.

Alderman Girard asked either, Mr. Pinard or Mr. Grossman, what is…just so that I have an understanding of your thought process. What are some of the things that are going to determine how much and what kind of space you're going to build. I don't get the impression that you're going to throw up 120,000 square feet and then attempt to lease it. Something tells me you're going to be hunting for a client before you put a shovel in the ground.

Mr. Grossman replied absolutely. We're going to be spending the next sixty days on two fronts, three fronts: marketing study, looking for tenants, and designing a building. Those are the three major areas we are going to be pursuing over the next sixty days. And, eventually, the market

study…the ultimate decision as to whether or not this building gets built and what it looks like in great part is going to be dependent upon the lender. The lender…we can't go and proceed and build 120,000 square feet until we get a construction loan and a construction lender will say you need to rent 50%, get it pre-leased before we lend you any money or the building has to look like, X, Y or Z to a certain degree. So, the two main areas are market study and construction funding.

Alderman Girard asked would it be fair to ask at this point with the studies that you have already done and are in the process of completing, would it be fair to ask you specifically what type of use you're going to actively search for.

Mr. Grossman replied we are going to search for first-class office users. I can't be anymore specific than that and honestly you're asking me based upon the studies we've done and I'll be honest with you, we haven't done a lot of studies. There was no sense in me spending a lot of time, effort and money not knowing whether I had a deal with the City of Manchester.

Alderman Girard asked are you going to preclude…and the reason why I am asking this is I have some real problems with bringing in another nine to five type of building Downtown. I think one of the bigger mistakes the City made back in the 80's was turning Downtown into a nine to five business district. So, at this point are you saying that you have no intent of looking for a different type of use or it depends on the outcome of your studies which are going to take into consideration certain things like the construction of a civic center. I have some reservations about freezing out potential uses knowing what we're trying to do at the other end of Elm Street.

Mr. Grossman replied honestly, if anybody has recommendations for a user whether it be a hotel, office, whatever I'm interested. Right now, our intent is office, first-class office. Would we look at something other than that, sure. If someone expressed an interest. Am I going to spend extra money for a market study on a hotel development probably not because I'm not a hotel developer. If you have an idea of someone who does hotel development I'm happy to talk with that individual or group and see if we could work on a joint venture. I haven't honestly looked at an apartment project, will I, I don't know.

Alderman Girard asked could you tell us what studies you have yet to do or complete, so we have an idea exactly how you're going to bring things to conclusion before you start searching for tenants. I don't mean to be thick here and if you've already answered that question, I apologize.

Mr. Grossman replied we're going to hire an outside independent firm to do a market study and at the same time we're going to be working with The Norwood Group to find anchor tenants and at the same time we're going to be working with an architect to design the building which will allow flexibility to start out with 120,000 square feet, expandable up to 200,000 square feet. I'm not sure I can tell you anything more than that.

Alderman Wihby stated a couple of questions, but first of all I guess I heard from Ray or maybe it was the Attorney that the land because of this yellow manila envelope you showed us the frontage on Elm Street and that doesn't work, but yet I'm hearing we're going to design it so we can get two buildings on it. If you can design it to get two buildings on it, why can't you subdivide it now.

Mr. Pinard replied the issue has to do with a few other things. One, is parking configuration which will largely take up a larger plot than would be if you subdivided the property in any feasible manner. Second, you have the PSNH easement that runs through the lot which presents another problem on subdividing the property and then you have an issue about condominiumizing the project basically. Down the road after somebody has put in "X" dollars finding someone to come in and build on top of that the probability of that is very, very low and we discussed that at length with The Grossman Companies and among ourselves and could really find no feasible way of getting around that.

Alderman Wihby stated I guess my concern and I guess the reason why I'm not going to support this this evening, I guess I looked at that corner and I saw something big. I didn't see somebody moving from one office building to another. I know that we've talked to attorney firms to move there and other people to move there and all we're doing is moving from one to another. I guess I expected a hotel to be there, I expected this to maximize that spot, I welcome you to the City if it goes through today and it sounds like it's probably going to be a decent project on that corner, but I always envisioned something big on that corner, not just 120,000 square foot building, I know it's $25 million the cost and everything else and it's going to bring property taxes, but I think we could do better at that site and maximizing the potential at that corner and that's why I'm not going to support it today, but I still think that all we're doing is just moving one office to another and I don't think that is what this Board had asked for in the beginning and to say that you've done some studies, you're a businessman, Mr. Grossman, you've already talked to people and know pretty much what's going to go there, otherwise, you wouldn't be where you are today. So, you talk to people and I know Karl Norwood's out there talking to people and he's a businessman and he knows how to develop sites, so to tell this Board that you don't know that some of the potential people that are going to be there, maybe we're just trying to hide moving somebody from another site. But, I'm not going to question your comment on that, I just think that I know you've talked to other developers on that site and you've mentioned different things to them about what could go there and potential people and we're just moving them and not really doing anything at that site I envisioned being there, and especially a hotel which I think is well needed Downtown should go on that site and I'm not supporting, I'm not asking this Board to do anything…I'm just giving my own comments, I just don't feel that it's right for the City to be there…I know it's saying goodbye to good development, but I just don't think that it's what the City had asked for from MDC to look for. I think they asked for something big, I would have given the land away just to get a bigger development there and get more taxes in over the years, more development, more people Downtown rather than even look for a penny from the site…that would have been my approach and I talked to Jay about that a number of times saying put some big ad in some issue that goes all over the country…free land…and have some sort of

a minimum size development there. But, this is the way, I guess, we opted to go…I think that there were just so many questions at the last meeting about the second phase it was just decided that we'll cut the second phase out and have the Board okay the first phase and we don't have to argue or talk about a second phase. So, I'm just not in support of it and I'm kind of disappointed that that's the way we went, but I welcome you to the City and I know you'll do a first-class job there.

Mr. Grossman stated I just want to make myself clear. There's no one in this room who would more like to see a huge development than me. The bigger the development, the more money (hopefully) I would make, also the greater risk. And, we've been very successful over the years in developing properties, in acquiring properties that are difficult to rent. We bought in the worse time of the market a 90,000 square foot building in Braintree, Massachusetts next to Southshore Plaza that the developer suffered with. Within a year, within the worse market possible we had it fully rented. This market is a good market, it's not a great market, it may be on the way down…if we can find a hotel developer to go with a major office user I'd love it. If any of you or anybody in this room knows of a hotel developer or a hotel that would be interested in Downtown Manchester, I'd be happy to talk to them. My concern is that I don't want to do something or promise to do something that I can't promise to deliver on. It would be very easy for me to say yes, I'll build a 200,000 square foot office building or I'll build a 120,00 square foot hotel. But, I don't want to mislead you. If the opportunity arises I'd be happy to do it. So, I don't want to give people the wrong impression that I wouldn't like a large development, I would. But, what I'm willing to commit to today is a minimum of 125,000 square feet.

Alderman Wihby stated but again, most of those tenants are going to be from someplace else in Downtown and it's not going to be the economic boon that we wanted to this area and that's what that corner was supposed to do.

Mr. Grossman stated I can tell you that I am going to be searching everywhere for tenants, it's not going to be just in Downtown Manchester, it's not going to be just in New Hampshire…I expect that we will put an ad in *The Wall Street Journal*. We want to find tenants and yes, I would like to have tenants come in from outside the area and the market will dictate that. The market might say that there are tenants who are going to come from within the area and tenants who will come from outside of the area.

Alderman Reiniger stated I think it's important to remember that this has been going on…not for just one year or two years, but at least eight years and I think we're fortunate…the City has been marketing this property very hard for all of these years and nothing has turned up, we all have our hopes and dreams, for not only that block, but for all of the blocks Downtown, the Riverfront, and throughout the City and this is apparently the best deal that's come up and, in fact, the City's very fortunate to have The Grossman Companies. When you look at their portfolio this is a very reputable, outstanding company, this is a very fortunate thing for the City and I think we should be grateful to Mr. Grossman for his honesty here in not trying to oversell

what could be done here. It could be very easy for him to just sit here and say okay, I'll build a 250,000 square foot building, make all kinds of promises…but he's being very honest to us, he's earning our trust by his honest responses…if anyone can build a bigger building it would be The Grossman Companies and would move to authorize MDC to proceed.

Alderman Girard duly seconded the motion.

Mayor Wieczorek stated before we do that I will need to have the Clerk read the motion to make sure that everything that should be in it, is in it. So, we don't have to come back.

Alderman O'Neil in referenced to the proceeds of the sale asked where do they go.

Mr. Pinard replied to MDC for further reinvestment.

Alderman O'Neil stated which we the Board) or MDC have to reinvestment in additional property in the near future and may possibly meet some of Alderman Wihby's goals.

Mr. Pinard replied before we expend those funds we have to come back to this Board with our proposal and what we would do with that money or any other money we have, yes.

Alderman Clancy stated it's no question that the big question here in the City of Manchester is, what can we do to revitalize Downtown Manchester. It's a known secret that we have a law firm and another firm in the Plaza here where the lease is up. Now, if we're going to take these two businesses and move them from 1000 Elm Street to the corner of Bridge and Elm and have a white elephant here that's not a good move as far as I can see. So, right now, it's a known fact that we have a well-known law firm whose term is up at the Plaza and also Public Service, I was told, their lease it up. So, those two businesses are going to move up to Bridge and Elm…what's going to happen to the Plaza. Spaulding and Slye is going to have the building for sale, we're going to have a white elephant again.

Mayor Wieczorek acknowledged Alderman Girard and stated that is the end of the conversation.

Alderman Girard stated I did second Alderman Reiniger's motion and whatever it needs to be I will second it. I have expressed the concerns that I have with the potential type of development, but in the end I think the greater factor that needs to be weighed here is the fact that this parcel has sat vacant for some time now. We are in an economy that does present opportunities that we may now see for another eight or ten years and I think though I'd like to see different uses I think Mr. Grossman and MDC will do what they need to do to make sure that the best possible development is brought there. It may be an office use, it may be something else. I think this Board needs to allow them to continue their work to determine exactly what they think it can be and I think we would send the wrong signal to the business community and to the Downtown as a whole if we tried to quash this tonight. So, despite my reservations I think it's an opportunity we have to take to see where it can lead and I would urge my colleagues to support this motion.

Mayor Wieczorek asked the Clerk to read what the motion would be.

Deputy Clerk Johnson stated based on the letter that was submitted to the Board the request was to authorize execution of the Purchase and Sales Agreement, but based on the presentation it would be suggested that the motion be to authorize MDC to execute a lease, a Purchase and Sales Agreement and related documents for the Bridge and Elm Street property with The Grossman Companies as outlined in the presentations.

Mayor Wieczorek asked does that cover all of the aspects that would have to be covered.

Attorney Geffert replied the motion is fine, your Honor. I should clarify that it is " The Grossman Companies, Inc. or its nominee" because as the documents express it's Bridge and Elm, LLC that will be the buyer.

Alderman Wihby stated that to say that the property has been vacant for four years and now's the time to do something…you either do it because it's right or you don't do it. You don't rush it because the property's been sitting there for four years and not making any money. So, to use the excuse that while it's been vacant…so we have to vote for it today is wrong. You should vote on in whether it's right…and this Board looked at it and that's what we wanted there or that's not what we wanted there. But, it sat there vacant and who knows maybe it should sit there vacant until something else comes along, but I don't think this Board should rush into something just to say it was vacant, so we should vote for this.

Alderman Thibault stated to some extent I agree with both sides of this…but, the point of this is if in fact the City is going to go along with a civic center and all of the other things that we are planning today, if I understand Mr. Grossman right he certainly would be glad to develop the whole area if, in fact, the demand is there. So, I think it behooves us to go back and look and see what we are doing here as a City. Are we, in fact, going to go ahead and do the things that we are saying that we're going to do and, in turn, this would promote this man to do what he's trying to do here. So, I would tend to go along with this, your Honor, because I believe that if we don't tend to decide to invest in our own City how do we expect people like him to invest and I commend him for his efforts really. I think these people are really up front to come up and be as honest as they are here to tell us what they can do with what's there and what they can afford to live with rather than what they'd like.

Mayor Wieczorek stated one more question from Alderman Girard and we will then move on the question.

Alderman Girard stated when this Board, eight years ago decided to take this property and give it to GMDC, it did so with the idea that we would avoid development we didn't want…that particular discussion was about a gas station or some kind of quik mart or what might be considered junk commercial real estate, not one of the best pieces. I'm not sure, at the time,

whether anybody would have ruled out ad 120,000-200,000 square foot office tower…it's been eight years and if that's rushing into anything then I understand why government moves so slowly on everything then. But, if eight years is jumping in without talking a look then…

Alderman Cashin stated I'd like to ask a question of Tom the City Solicitor. Are you satisfied with this, Tom, are we okay here. Have you looked at this and you've digested it.

Solicitor Clark replied these documents were provided to me on Friday. I have reviewed them and they meet the representations that were given to you by Attorney Geffert. Yes, I'm satisfied with them.

Alderman Pariseau asked the rent of about $75,000 does that apply to the purchase price.

Attorney Geffert replied no, it doesn't.

Alderman Pariseau asked if we were to (and I don't know if I can use the word mandate), but let's use it…mandate that that property be developed for the 200,000 square feet rather than the 120,000 would the developer have a serious problem with that. I think it's going to be underdeveloped if we limit it to the 120,000 square feet…you could spread that out all over that territory, so nothing else could ever go there unless you were…

Mr. Grossman replied again the market is going to determine whether it is 120,000 or 200,000 or nothing. The last thing that I want and this City wants, I think, is two white elephants. So, I'm not going to build something that I don't think I can rent and the lender is not going to loan me money that they don't think I can rent. My incentive is to develop as much as a I can because that's how I'd make the most money.

Alderman Reiniger moved to authorize the Manchester Development Corporation (MDC) to execute a lease, a Purchase and Sales Agreement and related documents for the Bridge and Elm Street property with The Grossman Companies, Inc., or their nominee, as outlined. Alderman Girard duly seconded the motion. The motion carried with Aldermen Wihby and Clancy duly recorded in opposition.

A roll call voted was taken. Aldermen Hirschmann, Thibault, Cashin, Pariseau, Rivard, Shea, Girard, O'Neil, Pinard, Sysyn, Reiniger and Klock voted yea. Aldermen Clancy and Wihby voted nay. The motion carried.

Mayor Wieczorek stated I want to thank you for your time and presentation.

11. Presentation by Frank Biron of Melanson, Heath and Company regarding follow-up to the FY98 Audit Management Letter.

Mr. Biron stated I'm the President of Melanson, Health CPA's. We're the audit firm for the City and I met with you in April to discuss the results of the June 30, 1998 audit. As part of the 1998

audit in addition to the financial statements we also issued a management letter where we provided some constructive criticism of some areas where we noted some weaknesses in the accounting system or the internal controls of the City. We presented that in a formal management letter, met with you in April to discuss those issues…there were some pretty serious issues in there for this past year's audit (fiscal '98 audit) that is and the major reason for that was because of the computer conversion that the City was undergoing in fiscal year 1998. The computer conversion took a lot of time from the departments and as a result some of the internal controls that previously had been in place for the City weren't in as good a condition during fiscal year 1998. After I did that presentation this Board asked that I do a follow-up with the various departments where we had some management letter comments so that instead of having to wait for the 1999 audit is completed you would have a more updated understanding as to what corrective action has taken place since fiscal year '98 audit. So, I'll walk through each of the items that we had in the 1998 management letter one-by-one. Overall, before I start I just want to tell you that the City has made major efforts in constructive improvements. Nearly, all of the issues that we raised in the 1998 management letter have been substantially corrected and it took a lot of major effort from the City departments to accomplish that. The first issue dealt with reestablishing interim reconciliation procedures; that is primarily dealing with the Finance Office in reconciling the general ledger balances and most specifically the cash balance. When we did the 1998 audit the City had just finished reconciling cash through June 30, 1998; that that was completed in about March of 1999 which was nine months after the year-end. Typically, the City in previous years had been able to reconcile cash within a month or so of year-end. So, we were concerned that there was a major weakness as it dealt with the City's cash balances…that, has been corrected. As of August 31st the City has reconciled the June 30, 1999 cash balances and is going back month-by-month to get things reconciled through the whole year. So, as of right now the June 30, 1999 cash balances are reconciled. So, that's about six months or so ahead of schedule for last year. So, it's been a major improvement. The next issue deals with formalizing administrative regulations. We had made a comment in the past couple of years that the City doesn't have any formal documents for the departments to follow and day-to-day accounting and processing. My understanding is that there still has not been any action taken on that. So, that's an area where we would continue to make the recommendation that there be a mechanism to formalize administrative regulations as well as a conflict of interest policy for the departments to follow.

Alderman Shea asked, Frank, in other inventories that you've made or follow-ups where have you found this to be done, is there a department within the City, is it a special department or board outside of the City that does this so that the conflict of interest problem doesn't seem to be a serious concern and what mechanisms have you found.

Mr. Biron replied I think a conflict of interest policy as well as establishing a policy for formalizing administrative regulations would have to be established through this Board right here, the Board of Mayor and Aldermen.

Mr. Biron stated the next issue deals with revising the Finance Department's policy and procedure manual. This was in our management letter for the past couple of years because of the major changes…there has been a lot of personnel changes in the Finance office as well as the computer conversion which substantially changes a lot of the day-to-day processing. The policy and procedure manual that is in existence is pretty much outdated at this point. So, our recommendation is that the Finance office rewrite the policy and procedure manual. When we came back as a follow-up that still hasn't been done…our understanding is that it is in the works, but they are still in the process of revising the policies and procedures so they are going to have to do a lot of revisions before they can document those revisions and those revisions still deal with fine tuning the HTE computer conversion as well as some of the recent School Department changes where the School District is now going to be pulled out of the City's records and there's going to be a lot of changes relating to that. The next issue dealt with computer problems that we had encountered during the course of the audit. Specifically, we noted that there were excessive detailed postings to the general ledger cash accounts, there was difficulty in accessing information, difficulty in monitoring the budget, and delays in processing the information. We'll deal with those one at a time. The first one deals with the excessive cash posting to the general ledger; that's still there, but the Finance Department has been able to work around that situation; that is one of the things that caused a lot of the delays in reconciling cash in the fiscal year 1998 audit. They've come up with ways now to work around that problem and because of that they can get cash reconciled in a much more timely manner. So, I think that that issue is not going to be a continuing problem. Difficulty accessing information still remains a problem. However, we understand that the Information Systems Department has plans to implement a report writer which will provide the departments with very specific reports in order so that they can get the information from the system that they need in a more timely manner. Monitoring the budget issue has been resolved also by creating a new report which segregates each department's budget between their direct line items and the indirect line items because the indirect line items they really have no control over. So, now they're able to compare their budget versus actual very easily, so that is a corrected issue. And, processing delay issues is still a problem during fiscal year 1998. The system still tends to be slow, we understand, however, that the Board has approved an appropriation in the CIP budget to deal with upgrading the system and in addition with the School District coming off of the system that should free up some of the space on there which should speed up processing. The next issue dealt with reestablishing department head approval over vendor disbursement. Basically, what that amounted to is that during the conversion process in fiscal year 1998 the department's were no longer required to approve a check run just before the disbursements are issued, that has been corrected now though. The departments are approving all of the vendor disbursements before the checks are being disbursed. The next issue deals with limiting access to the personnel payroll files. During the course of the 1998 audit it was determined that certain departments had full access to the payroll and personnel files that were maintained at the Human Resources Department; that issue has also been corrected. No departments other than Human Resources has full access to all that information now. The next issue dealt with enforcing the requirements that department heads approve payroll edits; that is very similar to the other issue dealing with the vendor disbursements that the departments approve that before the checks are issued. The Human

Resources Department during 1998 had a policy that department heads approve the payroll of their departments, however, not all of the departments were following through with that, they are now. The Human Resources Department is not issuing payroll checks to departments unless they get an approval in writing from the department heads. The next issue deals with improving controls over unused check stocks. This issue dealt primarily with when City Hall was located temporarily at the Hampshire Plaza building with the tight quarters there the controls were not in place over the unused checks, we noted that unused check stocks were in unlocked file cabinets and also were being maintained in the laser paper printer feed which was located in a somewhat secure location, but there was access to other Finance Department personnel. In any case, this issue has been resolved now, there is tight controls over the unused check stock, it's all located in the Finance Department vault now which is a locked vault. The next issue deals with monitoring the 1998 Airport bond issue $144,000,000 was issued for construction projects at the Airport. Part of the bond resolution required that there be certain accounts be maintained through the City's accounting system in order to assure that reserves are being maintained at adequate levels. When we did the audit in 1998 we had noted that that had not yet been completed into the first half of 1999, it has since been correct though. So, this is a resolved issue. In the next issue we recommended that the City monitor the cash deficit balance in the Aggregation front, at June 30, 1998 there was a cash deficit of about $575,000…we understand that this has also been corrected in that there is now an Aldermanic Sub-committee which regularly monitors the financial activity in the Aggregation fund. The next issue deals with reestablishing quarterly reporting in internal audit functions…these are Finance Department issues. We had noted in prior years that the Finance Department had issued to the Committee on Accounts very extensive quarterly financial reports which summarized basically any financing information you wanted to know about the City and at the same time the Finance Department also had a working internal audit function going out and reviewing policies and procedures of other City departments. Again, through the computer conversion growth process and difficulties relating to that those two areas had not been accomplished. We understand that in the Spring of 1999 right after I met with this Board that the Finance Department began to reestablish the internal audit function with the first project looking at some Airport construction financing and accounting activities and we also understand the Finance Department had plans on reestablishing the quarterly financial reports to the Committee on Accounts beginning the first quarter of fiscal 2000 which would be September 30, 1999. The next issue deals with revising the CIP approval process. During the course of the 1999 audit we noted that the timing of approving the CIP budget and approving the related bonds sometimes extended over a period of several months which makes it very difficult in the New Hampshire weather season to get some of these projects done during the course of the spring and summer…most specifically, we noted that year that the Airport project was approved in April of '98, but the financing of that wasn't approved until August of '98 and in the interim through June 30, 1998 about $10 million had been spent on the project. Now, we consider that somewhat of a risk in the event that the bond financing wouldn't be approved. So, our recommendation was that work be done to see whether there is any way to streamline that approval process and I understanding that to date there hasn't been any action on that.

Alderman Pariseau asked why is that a concern of yours.

Mr. Biron replied the fact that…this specific situation that we had…the construction was approved for the Airport and they started…

Alderman Pariseau interjected I'm not talking about the Airport, I'm talking about the CIP issue.

Mr. Biron replied but that is what this issue was addressing, was Airport construction during 1998 and making sure that that issue didn't get repeated for other departments that had CIP budgets.

Alderman Pariseau asked are you suggesting that the City ought to go and have their fiscal year start at construction season.

Mr. Biron replied no, I'm not suggesting…

Alderman Pariseau asked how else are we going to do it.

Mr. Biron replied I don't know. At a minimum…

Alderman Pariseau interjected I don't think this is really an issue.

Mr. Biron reiterated at a minimum, what we're recommending is that the approval of the CIP be closer to the approval of the bonds to finance those projects.

Alderman Pariseau stated I think you're being picky.

Mr. Biron indicated "maybe".

Mayor Wieczorek stated Mr. MacKenzie is here and he did make some major changes in how he handles CIP, so that we could take advantage of the construction season.

Alderman Pariseau interjected I know, but it's not an auditor's position…

Mayor Wieczorek stated I know it, I'm trying to get to the bottom of that. Is this something that you would consider a valid concern of something we ought to be looking at, is there a way for us to change that.

Mr. MacKenzie replied I think we have expressed that same concern in the past. I think when they look at the Airport financing from 1998 those were extenuating circumstances and some extraordinary things were done to make it happen. This year if you look at the CIP process, frankly, we had the expedited projects in order to get the projects ready for the summer construction and all of the actions actually occurred, including the bond authorizations on the

same night as the CIP was approved. So, although that information hasn't gotten to Frank this year's CIP process…all of the bond authorizations and resolutions came at the same time the Board authorized and approved the CIP process. So, this year we followed a much tighter process and I think the issues that you (Mr. Biron) are raising were corrected in this year's process.

Mayor Wieczorek asked is that something that you observed.

Mr. Biron replied I'm not sure to tell you the truth, but I could follow-up on that though.

Mayor Wieczorek asked are there any other questions. Frank, I think overall you're through with your presentation.

Mr. Biron replied there is one more issue with the cash reconciliations and it was our last comment saying that the cash reconciliations that are being done in the Finance Office…there ought to be a sign-off area on those reconciliations for the various personnel that are involved in the process to actually sign-off and take responsibility for their part of the reconciliation and because the actual cash reconciliations have just recently been implemented over the last month or two this has not yet been fully addressed.

Mayor Wieczorek stated overall I think that basically this is not a bad management letter, they made a lot of corrections to items that you consider to be very deficient in the last management letter, so I think we're making a lot of progress, going in a positive direction, is that correct.

Mr. Biron stated I agree. The condition of the records is getting back to where they were before going through the computer conversion of a year-and-a-half ago.

Alderman Hirschmann asked will you be bidding on the 1999 audit and management letter.

Mr. Biron replied we have a five-year arrangement with the City…1999 is the fifth year.

Alderman Hirschmann stated with respect to Item 10 which is the deficit in the Aggregation fund…it says it's $575,000 for 1998…and you say that that's cured. You do realize that when you give next year's report that the deficit is going to be another eight hundred and something thousand, you do realize that. By sitting there saying this is "cured" that kind of incenses me a little, I'll tell you that.

Mr. Biron stated let me clarify that because our recommendation wasn't that the City, in one year, clear the deficit that's there. The recommendation was "keep an eye on it", but the corrective action that we see that has been taken is that this Board has established a sub-committee to review the financial activity in order to keep an eye on it.

Alderman Hirschmann stated that's fair enough, but I want the truth portrayed.

Mayor Wieczorek asked are there any other questions from members of the Board. If not, Frank, thank you very much. We appreciate you making your presentation.

12. Report to be presented by the Economic Development Director relative to the 1037 Elm Street project.

Mr. Taylor stated as you can judge by the number of appearances that we've made here regarding this project, we are having some difficulties with it and there's been a number of delays in moving this forward, however, in the interest of trying to keep this Board informed as we have twisted and turned our way through this we've tried to come to you on a regular basis and, at least, let you know where we are on a given day so there won't be any surprises. Tonight's appearance is really to try and update you on where we are on this so you understand exactly where we're going and where we think we should be going with this. City staff has worked extremely hard on trying to pull this very complicated project together and I guess I can speak on behalf of most of them or all of them to say that I think…we still believe that this project has merit and we still believe we can pull this off, we just need a little more time to get it together. I also want to compliment the proposed developers, DASH Development Corporation on hanging with us throughout this process. It's been difficult for them, as well…both in financial and in time concerns, so we want to thank them for staying with us and trying to work through the various changes in this project. As you know, we've looked at a number of various financing alternatives to try and get this project started including loan guarantees and we've looked at bonding, trying to bond the balance of this project…loan guarantees are not something the City can do and in accordance with Bond Counsel who has given us that advice and if we were trying to bond the remainder of this project what that would essentially mean is that we would have to change the CIP Program and take money away from something else and I don't think any of us think that that's a reasonable approach at this point. So, the remaining alternative that we have come up with is to go back to a program that we looked at initially and disregarded because of the time involved in getting it approved and that is a HUD Section 108 loan and with that I'll let Bob MacKenzie explain to you what that is and then we'll go on from there.

Mr. MacKenzie stated briefly this is a loan that we can get from the Department of Housing & Urban Development, it is a non-recourse loan by the City. It basically pledges our CDBG future payments against a project…if for some reason a project does not repay this loan. Again, typically, we would be looking at a project that would fully pay for a loan. If something went wrong though and the chances are remote that that would happen, we would potentially have to repay all or a portion of those CDBG funds. However, if there are no future CDBG funds there is no other recourse to the City, the City would not have to make payments from property taxes. So, I just wanted to make that one clear. This is something that HUD has used in many other communities, it is something that HUD…we met with them…was it today or yesterday…to review and they would encourage the City to utilize it. Clearly, there is some risk but that risk is relatively small compared to other options such as bonding or other types of financing of this project. So, we think it is a viable approach, it's one that other communities have used, but we

have not yet in Manchester. Again, we had looked at this for the first phases of the project, but determined that the process it takes three to six months to get through the paperwork in Washington, so we had originally tried to make this project go as quickly as possible. Obviously, other financing and difficulties with other regulations that we've had to deal with have made it difficult to do that. At this point, we see this Section 108 loan guarantee as perhaps the only viable option to keep this project moving. So, I'd be happy to answer any more specific questions on the Section 108.

Alderman Shea asked, Bob, what are we talking about as far as a loan.

Mr. MacKenzie replied at this point it is a loan, the property would be owned by the City for 15 years, it's a loan that we would be putting into property that would be owned by the City at this point. But, we are talking on the magnitude of roughly $1.5 million and that would be repaid. The payments…since the money is coming from HUD…there are payments through rental proceeds would go back to HUD. So, this is financing just as it would be financed by a bank, for example, they would put the money in and proceeds go back to the bank, so it's an option that the City has. There are really two different ways we could do it. We could either get HUD to guarantee a private bank loan or we could get a loan directly from HUD, but the two approaches are called Section 108.

Alderman Shea asked is the total amount of money needed or is the other party putting in.

Mr. MacKenzie replied the other parts are and I would probably let Jay explain those a little bit more, but there is a grant that we're getting from the Economic Development Administration, the City would be putting in the sum of it's own CDBG money and the Manchester Development Corporation would be putting in a piece of money, as well. So, there would be four financing sources for the project. There is no other City property tax money involved.

Alderman Shea stated the total amount would run up to a couple of million dollars or less than that.

Mr. MacKenzie replied again I would probably turn that to Jay…about $3.6 million. Originally, we had submitted a plan to EDA that would rehab the shell of the building but only renovate the first two to three floors. At the present time, in working with the developer whose interest in the property…they are suggesting that we redevelop the entire building. So, that the entire building go back onto the property tax rolls.

Alderman Shea stated just a follow-up…in other words, we are going to put in the entire amount of money through different sources that we might receive monies from…we're not going to own the building, it's going to be owned by Manchester Development Corporation, I'm a little bit confused.

Mr. MacKenzie replied I will turn that back to Jay.

Mr. Taylor stated part of the problem we've had is trying to make the federal regulations that go with the Economic Development Administration grant; that EDA is giving us a million dollar grant which doesn't have to be repaid. In addition to that, we are putting in a million dollars of Community Development Block Grant money into the project which will be repaid tothe City out of rents or income from the project. The same as this $1.5 million Section 108 is what we're talking about. All of these numbers with the exception of the million dollar EDA grant need to be repaid out of building revenues back to the City. In the interim that building will also be paying to the City real estate taxes which because the building is owned by the City currently and is vacant the City is not getting. So, the money that the City is putting into the building will enable it to pay taxes, to generate new economic activity Downtown and to get a building which, frankly, is an eyesore fixed up and back into productive use. So, that is what we are trying to do here with this.

Alderman Girard stated, Mr. MacKenzie, whenever federal dollars are involved there are always strings attached. What strings are attached to this Section 108 loan.

Mr. MacKenzie replied the strings are the same as what we would have to comply with the CDBG. We have to meet national objectives to low and moderate-income jobs that would be created at the site, we'd have to pay Davis-Bacon wage rates for the construction project, we'd have to meet displacement, fair housing…there's a few dozen regulations that we would have to comply with, but we would already have to comply with those as a result of both the EDA money and the CDBG money in the project.

Alderman Girard asked instead of using the CDBG money and using this Section 108 loan which, as you said could add three to six months to the length of the project, are there other assets that the City could tap whether it's MDC, Economic Development funds, whether it's proceeds from the sale of the lots down at the AirPark where we could instead of using all of these federal dollars and running into these federal rules where we could do just a straight loan transaction with City funds and have the developer pay us back and avoid some of these stupid rules.

Mr. MacKenzie replied there are times when we would perhaps love to do that, however, we don't see many other programs where we could get a million dollar grant. We are really trying to make this thing work…we recognize there's strings. Sometimes, we do turn down grants because there are simply too many strings, but in this case we don't know how we'd replace $3.6 million in what is essence is all federal funds, so we are struggling through the strings because we don't know how to replace that $3.6 million.

Alderman Girard stated are you saying that there are no funds from say the sale of the AirPark lots or doesn't MDC…for some reason $13 million in MDC Economic Development funds is ringing a bell and I don't know if it's a false alarm, but are there no other reserves that we could use to make a loan from…this federal stuff just always…in my opinion I wonder whether or not

it's worth going through with these federal dollars if we have alternatives. Do we have any alternatives, something from the Center of New Hampshire Project, do we have anything.

Mr. MacKenzie replied the only ones that I'm aware of…there is a Central Business District Revolving Loan Fund…that's roughly only about $100,000; that there is AirPark money although a majority of that, most of that was spent in the acquisition of Hackett Hill…I would let Jay answer questions about how much MDC may have in assets.

Mr. Taylor stated my recollection of the last financial statement of MDC that I saw showed a fund balance of roughly $2.7 million which even if we took everything out of there wouldn't cut it and they are putting $200,000 into this thing already.

Alderman Sysyn asked is there another place where you could get the money instead of going to HUD.

Mr. Taylor stated I think what we want to ask for tonight is your permission to do a couple of things. One, to apply to HUD for these Section 108 funds, number one. And, the second part of that to keep this thing moving what we would like to try and do is see if we can negotiate a deal with a bank to provide bridge financing for this project while we're waiting for the approval of these HUD funds; that bridge loan would then be repaid out of the HUD money, so we want to have your permission to go ahead with those two things so that we can try to keep this thing moving.

Mayor Wieczorek asked are we going to run into any difficulty with EDA on this because I know we've had several extensions already and we are currently under an extension now. With what you're trying to do with Section 108 is that going to create some problems.

Mr. Taylor replied we still may have to go back, we have not officially heard from them granting the original extension…all they've told us on a number of occasions and we've written to them and we are going to get a letter, we're told…I think the EDA's position, at least what they've told us is as long as we are making progress on this project and the key to this is if we can start their portion which is the original $2.3 million grant then once we start their portion of the project, even if we don't begin the second part of it until later on, we're off the hook with them in terms of those delays. So, that is why we want to try and keep this moving so we don't lose that time.

Alderman Reiniger stated this is another project where the City is very fortunate to have some very talented developers in DASH…particularly their two principle's Steve Schubert and Dick Anagnost who are here and moved to approve the recommendations. Alderman Girard duly seconded the motion.

Alderman Pariseau stated you made reference to getting a bank to bridge a loan in anticipation of this federal HUD 108 money…what if we aren't successful. Is the City stuck paying this bridge loan.

Mr. Taylor replied initially the developers have agreed to guarantee it in that interim period and we were told today and correct me if I'm wrong, Bob, but the HUD people that we met with today have given us to believe that since HUD has been trying to promote this 108 project no funds have been allocated to that program in the State at all…they're very anxious to get a project done, they have led us to believe that the chances of not getting this approved are miniscule. Have I overstated that.

Mr. MacKenzie replied no.

Alderman Pariseau stated say we don't get it and this project stumbles along the way, let's say and doesn't come up with the money needed to pay the loan, the City is responsible to pay off that 108, is that what you said, Bob.

Mr. MacKenzie replied there would be no need to pay property tax money back to HUD, we might be obligated to pay a future portion of our HUD CDBG monies, but even if those federal funds dried up to us the City itself would have no recourse, the City would not have to pay it out of property tax money.

Alderman Pariseau stated, your Honor, I'm kind of disappointed that we didn't get any paperwork prior to this presentation and I'm kind of leery going into this without having the ability to read up on all this other stuff, like we had a nice presentation by Elm and Bridge. So, I would like to table this issue.

Mayor Wieczorek stated I know that they have been working long and hard and I've been involved in it and it's not that easy…

Alderman Pariseau interjected why didn't they give us paperwork.

Mayor Wieczorek stated let me finish, Alderman. It's been very difficult because things have really been moving and we've been stymied on many fronts in trying to get this project together.

Alderman Shea stated we're just letting you proceed this evening, we're not voting on this this evening. My question, Bob, is what interest do we pay on the HUD Loans, is it five percent or twenty percent like Ogden or what.

Mr. MacKenzie replied it's a federally-backed program, they give their full faith and credit, so it's at what would be excellent rates as I understand it. It would be at the Treasury Bill rates which is just under six percent roughly at the present time. It would depend on when we would actually acquire this money the rate might vary a little bit before then.

Alderman Shea stated so basically if we were to get this loan and have to repay it we would have to repay it at four to six percent according to Treasury loans.

Mr. MacKenzie replied that's correct.

Alderman Shea stated tonight all you're asking for, Jay, is for us to give you approval to proceed…not to the next time you come in if there is a final deal we'll be able to get the paperwork and so forth, thank you.

Deputy Clerk Johnson wished to clarify what the motion was as there seemed to be some confusion. It was my understanding that the request was to authorize them to apply for a HUD Section 108 funds and to negotiate a bridge financing with a bank and the suggestion would be that would be subject to the review and approval of the City Solicitor and the Finance Director.

Mayor Wieczorek asked is that correct. Is there anything else or is that complete.

Mr. Taylor replied that is it.

Alderman Cashin stated this comes back to the Board before it's finalized.

Mayor Wieczorek replied yes, this is just allowing them to proceed to see how they can work this out, it's not been an easy project.

Mayor Wieczorek called for a vote on the motion. The motion carried with Alderman Pariseau duly recorded in opposition.

Alderman Pariseau asked could we get some paperwork on it even though it's passed. I want to know the particulars about the loan.

Mayor Wieczorek reiterated it has to come back to the Board, they have to explore the possibility.

Alderman Shea stated I'm hoping Alderman Pariseau is as solicitous about this as he is about future projects that will be coming down the line.

Alderman Pariseau interjected this is worse than the Civic Center ever thought of being.

Alderman Shea stated I disagree with you.

13. Brief presentation by the City Solicitor and Economic Development Director relative to the so-called Rubenstein property.

Solicitor Clark stated I understand the Board is very interested in acquiring the Rubenstein property and the City has been looking at it for a number of years. There were some complications with environmental factors in the soil which appear to be well underway and are being cleared up. Mr. and Mrs. Rubenstein have recently passed away, but the estate is still anxious to donate the land to the City and I've been in contact with their attorney…he is in the process now of preparing a Purchase and Sales Agreement which will donate the land to the City with some conditions that the Rubenstein's are going to want to place on there. Once we receive that we will refer it to the full Board for review.

Mr. Taylor stated for the record, I just think it's important for the City to own this particular piece of property, it's a very key parcel down there and it would be…unless there are conditions that they're going to place on it that are totally unreasonable, it would behoove the City, I think, to move with great haste to acquire this once we get the particulars.

Mayor Wieczorek stated so what you're looking for is approval to continue your negotiations with them, come back…

Alderman Pariseau asked where is this Rubenstein property.

Solicitor Clark replied adjacent to the City's Impound Lot.

Mr. Taylor stated this is located adjacent to and to the east of Singer Park between Singer Park and the railroad tracks, south of where Bedford/Commercial Streets bends around and becomes Bedford Street.

Alderman Pariseau stated there again, your Honor, we don't have any paperwork on this item.

Alderman Cashin moved to authorize the City Solicitor and the Economic Development Director to continue negotiations regarding the Rubenstein property and report back to the Board of Mayor and Aldermen. Alderman Wihby duly seconded the motion. There being none opposed, the motion carried.

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

Mayor Wieczorek called the meeting back to order.

16. A report of the Committee on Finance was presented recommending that Resolutions:

> "Amending the 1998 and 2000 Community Improvement Programs, authorizing and appropriating funds in the amount of Seven Hundred Forty Nine and 65/100 Dollars ($749.65) for the 2000 CIP Project 211000, Cultural Diversity Task Force."

"Amending the 1999 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Thousand Dollars ($50,000) for the 1999 CIP Project 831499, School Security Improvements."

"Amending the 2000 Community Improvement Program, by authorizing and appropriating various School Grants."

"Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of Forty Four Thousand Five Hundred Dollars ($44,500.00) for the 2000 CIP 221500 Adolescent Pregnancy Prevention Program."

"Authorizing the Finance Officer to effect a transfer of Three Thousand Dollars ($3,000) from Contingency for Parks, Recreation and Cemetery Department for Electric Street/Bremer Hill Landing Clearing."

ought to pass and be enrolled.

Alderman Shea moved to accept, receive and adopt the report of the Committee on Finance. Alderman Girard duly seconded the motion. There being none opposed, the motion carried.

17. Communication from Alderman Hirschmann suggesting a dedication ceremony for the West Memorial Field be held sometime in October, 1999 and recommending that a plaque in honor of Senator Judd Gregg be dedicated at that time.

Alderman Hirschmann moved to approve the recommendations. Alderman Thibault duly seconded the motion.

Alderman Girard stated the only question I have is whether or not former Alderman Robert could be added to the invitation list, he was instrumental in getting this project started and if we're going to recognize the people that had something to do with it, he should certainly be there.

Mayor Wieczorek stated I don't think anyone would have a problem with that.

Alderman Klock stated can I address this to Keith. Can you explain what Senator Judd Gregg did that deserves a plaque.

Alderman Hirschmann replied absolutely, I'm glad you asked that question. If you read by letter that's included I'd like to read that into the record:

Dear Colleagues:

The first phase of the Public Park Renovations is almost complete at West Memorial Field and I would like to schedule a dedication ceremony for sometime in October, 1999 (date and time yet to be determined).

At this time, I respectfully recommend that we honor Senator Judd Gregg with a plaque at the tennis courts in his honor for his untiring efforts and assistance to the City in acquiring the U.S. Naval Marine Reserve Center in a timely fashion thereby allowing the project to proceed. Also, Senator Gregg's efforts with the U.S. Army Corps of Engineers for the demolition work performed which saved the City thousands of dollars. It is great men such as Senator Gregg that makes public office an aspiration to us all.

The ceremony would not only recognize Senator Gregg's efforts in bringing this project to reality for Manchester's west side residents, but would also acknowledge Mayor Wieczorek, Sean Thomas, Manchester's west side Aldermen William Cashin, Henry Thibault as well as myself, the Parks, Recreation & Cemetery Department and Commission members, CIP Committee, Director of Planning Robert MacKenzie, West High School Principal Robert Baines as well as the Manchester School District.

Once approved, I would encourage everyone to attend this event to bear witness to Manchester's revitalization efforts closing out the 20th Century.

s/Alderman Keith Hirschmann

Alderman Hirschmann asked does that explain enough.

Alderman Klock replied yes. Is it going to be a permanent fixture or is it something we're just giving to him.

Alderman Hirschmann replied I wanted a plaque at the tennis courts…this piece of real estate almost came into the hands of an alcohol and drug abuse center next to the high school and the Senator stepped up in Washington quickly and acquired this property for the high school and the City to make it into a park and helped us proceed with the park, so that is what this is about.

Mayor Wieczorek stated he was very helpful in doing it. Are there any other questions from anybody.

Alderman Cashin stated I realize the effort that Judd Gregg put in and I appreciate it, but through the years different Congressmen and Senators have helped us with all kinds of federal monies coming in, are we going to start putting plaques on everything that they help us with. I don't think we want to start this. I think this is a bad precedent. I respect what he's done and I appreciate everything he's done, but I don't think this is the way to go.

Alderman Cashin requested a roll call vote be conducted.

A roll call vote was conducted as follow: Alderman Cashin, Thibault, Klock, Shea and Pariseau voted nay. Alderman Hirschmann, Wihby, Reiniger, Sysyn, Clancy, Pinard, O'Neil, Girard and Rivard voted yea. The motion carried.

18. Communication from the City Clerk requesting the Board set the polling hours for the General Election, scheduled for Tuesday, November 2, 1999 from 6:00 AM to 7:00 PM.

Alderman Shea moved that the polling hours for the General Election, scheduled for Tuesday, November 2, 1999 from 6:00 AM to 7:00 PM be approved. Alderman Klock duly seconded the motion. There being none opposed, the motion carried.

19. Communication from Chief Kane seeking approval to proceed with the Somerville Street Fire Station with the balance of the funding ($475,051) be appropriated in the FY2001 CIP budget.

Alderman Shea moved to approve Chief Kane to proceed with the Somerville Street Fire Station as outlined. Alderman Pariseau duly seconded the motion.

Alderman O'Neil stated I don't know who would be appropriate to answer this, Chief, but the math doesn't add up here. You and I went to the same high school, I think…low bid was $1,748,900, is that correct.

Chief Kane replied in the affirmative.

Alderman O'Neil stated we budgeted $1,478,349, is that correct.

Chief Kane replied that is correct.

Alderman O'Neil stated that is a different of $270,000.

Chief Kane stated some of the items that you don't see in there or the architect's fees, contingencies, and there was some study money that was in there, so there is some money that is not in that document there.

Alderman O'Neil stated we're paying almost $2 million for this building.

Chief Kane replied yes, I believe it's $1.9 million.

Alderman O'Neil asked have we explored any and all alternatives to bring those numbers down.

Chief Kane replied when the bids came in obviously we knew that the numbers were high, they were a lot higher than we anticipated. They were a lot higher than the architects and the engineers that did the study were. Quite frankly, we were
surprised. We met with the architects, the builders, we also met with several City departments (CIP) and the Highway Department in regards to the project and we developed seven different scenarios in which we could proceed on…and all of the scenarios being going back out to bid, redesign the project, doing value engineering on the project of changing the scope of the project. After looking at all of those options it was the opinion of that group that if we took any of those other options, the project would probably not go forward. The reason why we're here tonight is that the low bidder had guaranteed his bid price until tomorrow, he had extended his bid price until tomorrow and that if we were going to get the project going this was the best option that we could see.

Alderman Girard stated we built Webster Street for a million dollars. It seems to me that for $2 million we ought to be able to know this thing down and build a new one.

Chief Kane stated that was one of the options that we looked at and in this construction market that we're seeing and that site, it was determined that it would cost more.

Alderman Girard stated there would be no efficiencies gained by just starting from a clean state and doing everything new rather than working around the existing structure.

Chief Kane stated that is what the architects and engineers related to us, yes.

Alderman Thibault stated I'd like to ask Bob MacKenzie how will this affect the Year 2001 CIP budget and where will that be at.

Mr. MacKenzie replied the Board will have to make some tougher decisions in the FY 2001 budget…in essence that's $450,000 that will compete against other projects. We have discussed that, of course, with the Fire Department. They recognize that when they make requests for that fiscal year that this project will, in essence, be competing against those projects that they will be requesting.

Alderman Thibault asked is there a way, Bob, that you could appraise us a little bit about some of these projects that could be brought back because of this, like what are we talking about here.

Mr. MacKenzie replied it would be difficult until we get to that point where we start comparing against other projects. Clearly, I'm sure, some of the Aldermen would be concerned if a particular School project that's been planned for four or five years gets bumped because of this that there would be concerns. We have discussed though that there may be projects that the Fire Department itself will be bringing in, requests for new equipment, new fire stations…those will have to play against this particular money. Clearly, we don't have many choices. We did review all of the options. We think, the Fire Department thinks that this is the best course to take. Obviously, we're in a tough construction market. We have been very fortunate so far, but it's starting to catch us now. So, there would be some projects likely the project that that money would be competing against would be the Fire Department requests itself.

Alderman Shea stated the construction costs as you have seen have gone up about forty percent, is that correct.

Chief Kane replied about that.

Alderman Shea stated so, the longer we wait the more it's going to cost because of the cost for construction materials and different items of that sort.

Chief Kane stated there are a couple of options and one is going out to rebid and in looking at the market the prices…all four of the prices came in really close. As a matter of fact, two of them were exactly the same dollar amount which is unusual. So, we had a very tight market and the bids weren't all over the place, so it wouldn't be advantageous for us to go out to bid at a later time because the prices are just going to go higher.

Alderman Shea asked how old is this station, Chief.

Chief Kane replied it's about a hundred years old.

Alderman Shea stated a hundred years old and firefighters have to be in a building a hundred years old, is that a sound policy in your judgment to have them in that kind of a building.

Mayor Wieczorek interjected this one is 150.

Chief Kane stated I think that's the reason why we're here, obviously. The building's a hundred years old and we need…

Alderman Shea stated the sooner we act on this the better as far as you're concerned.

Chief Kane stated that is correct.

Alderman Girard stated, Chief, in light of what Mr. MacKenzie has just said in that it's not an overrun, but these additional monies would be competing against your future projects in 2001 and beyond. I don't know if that's new news to you, but if it's not or even if it is, has that caused you to rethink the department's priorities…would a station in an area take priority over an area that's got one type of thing.

Chief Kane stated the department's set it's priorities in the budget process and in the CIP process and I don't think those have been skewed by these at all. Our position here is that we do have projects that we know are in the stream here and we've got to get this one done. As we are currently working on multiple projects that is something that we do and I think this is the project we're geared up to do right now and for us to change gears or shift gears I don't think that would be good.

Alderman Wihby stated I just wanted to thank Alderman Shea for making us aware that costs do go up and if we wait longer to do something it's going to increase the costs, I hope he remembers that with the Civic Center.

Alderman Shea interjected that is why I'm pushing for an Elderly Center too, Dave.

Alderman Clancy stated this is an add on, right.

Chief Kane replied there are two things: we're adding onto the structure because basically the trucks just don't fit in there anymore, the building was designed for horses and steamers and really not modernized apparatus.

Alderman Clancy stated my question is…you tear the building down completely, start from scratch, how much more will it cost.

Mr. Fred Matuszewski stated our estimates including demolition and the cost of new would be a threshold of about $300,000.

Alderman Clancy asked what is your opinion.

Mr. Matuszewski replied that there is value to the existing building, the brickwork is sound, the wood structure is sound, and the program is using the existing building. The addition includes an addition of the apparatus bay.

Mayor Wieczorek stated I've been upstairs in that building and it's like a cave.

Alderman Wihby stated for $300,000 are we building something that we probably should rip down, it's going to last longer, is there any money that would be saved by doing this, by building a new one over the old one. Tell us why we shouldn't build a new one or why we should build a new one.

Mr. Matuszewski replied first of all the location has been established by program by the use. The building would stay in its same location. The program of use of the existing building…the building does have value as I noted earlier. There is a savings…the existing building is for personnel uses. There is a training room that is going into this building that has been displaced from the Central station by introduction of computer labs and other uses. We have accommodations upstairs for the firefighters. The addition is a full three-bay addition which allows not only for the hook and ladder but two other engines and also for the possibility of life safety equipment. The existing building is being fully used.

Chief Kane stated it was important to take this somewhat historic structure that's been sitting in that neighborhood, redevelop that, and hopefully that would give the neighborhood a push along which was one of the considerations.

Alderman O'Neil stated I just wanted to apologize to the Chief for being critical of his math sorry, Joe.

Alderman Shea stated, Dave, my initial thoughts were the same as yours and I think Bob MacKenzie will go along because when we first met over at the firehouse, Bob, I did reason that way but because of the type of renovations that were going to be done and the fact that would fit into the neighborhood particularly and I did get concerns from constituents that they wanted to preserve whatever could be preserved.

Mayor Wieczorek called for a vote on the motion to commit to the additional monies required to rebuild that station and enter into a contract with the low-bidder.

Alderman Girard stated we always have a concern with binding a future Board, can we do this. So, binding a future Board isn't a problem then.

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

20. Communication from the Public Works Director requesting the Board accept State hazardous waste clean up funds, enter into a contract with the NH Department of Environmental Services, Waste Management Division for the Fall 1999 Household Hazardous Waste Collection project, and authorize the Public Works Director to execute such documents as may be required.

On motion of Alderman Hirschmann, duly seconded by Alderman Pariseau, it was voted to approve the Public Works Director's request relative to the Fall 1999 Household Hazardous Waste Collection project.

21. Communication from the Public Works Director submitting a retirement request for Roland Beaule.

On motion of Alderman Rivard, duly seconded by Alderman Girard, it was voted to accept and approve the retirement of Mr. Beaule as submitted.

22. Communication from the Healthy Manchester Coordinating Council requesting that the Board schedule a public hearing as to the introduction of fluorine into the public water supply prior to the November 2, 1999 General Election.

On motion of Alderman Pariseau, duly seconded by Alderman Thibault, it was voted to set a public hearing on September 22, 1999 at 6:30 PM in the Aldermanic Chambers relative to the introduction of fluorine into the public water supply.

23. Communication from Joanne Smogor, Makin' It Happen, seeking permission to send Red Ribbon Week Breakfast invitations and red ribbons to City employees with their paychecks.

On motion of Alderman Shea, duly seconded by Alderman Girard, it was voted to approve distribution of Red Ribbon Week Breakfast invitations and red ribbons to City employees.

24. Communication from Paul Mansback seeking permission to make repairs and improvements to the Dean Avenue pavement and air space as outlined herein.

Alderman Reiniger moved to approve Mr. Mansback's request as outlined. Alderman Girard duly seconded the motion.

Alderman Pariseau asked who's paying.
Mr. Mansback replied I'm paying.

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

25. Ratify and confirm agreement between the Manchester Education Association and the Manchester Board of School Committee as presented on August 3, 1999.

Alderman O'Neil moved to ratify and confirm the agreement between the Manchester Education Association and the Manchester Board of School Committee as presented on August 3, 1999. Alderman Pariseau duly seconded the motion. The motion carried with Aldermen Wihby, Reiniger and Girard duly recorded in opposition.

26. Bond Resolution:

> "Authorizing Bonds, Notes or Lease Purchases in the amount of Six Hundred Sixty Thousand One Hundred Sixty-Eight Dollars ($660,168) for the FY2000 School District Lease Programs (Portable classrooms at Hillside and Southside Middle Schools)."

On motion of Alderman Shea, duly seconded by Alderman Hirschmann, it was voted to table the Bond Resolution at the request of the School Superintendent.

27. Resolutions:

> "Amending the 1998 and 2000 Community Improvement Programs, authorizing and appropriating funds in the amount of Seven Hundred Forty Nine and 65/100 Dollars ($749.65) for the 2000 CIP Project 211000, Cultural Diversity Task Force."
>
> "Amending the 1999 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Thousand Dollars ($50,000) for the 1999 CIP Project 831499, School Security Improvements."
>
> "Amending the 2000 Community Improvement Program, by authorizing and appropriating various School Grants."
>
> "Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of Forty Four Thousand Five Hundred Dollars ($44,500.00) for the 2000 CIP 221500 Adolescent Pregnancy Prevention Program."
>
> "Authorizing the Finance Officer to effect a transfer of Three Thousand Dollars ($3,000) from Contingency for Parks, Recreation and Cemetery Department for Electric Street/Bremer Hill Landing Clearing."

Deputy Clerk Johnson noted that the last Resolution listed has been removed.

On motion of Alderman Thibault, duly seconded by Alderman Pariseau, it was voted that the Resolutions be read by titles only, and it was so done.

On motion of Alderman Sysyn, duly seconded by Alderman Clancy, it was voted that the Resolutions pass and be Enrolled.

28. NEW BUSINESS

Alderman O'Neil addressed the Board questioning where the skateboarding park stood. A brief discussion ensued where Mr. MacKenzie advised that the funds were appropriated, the site was

chosen, design phase was nearing completion and the project construction would proceed as soon as possible. Members commented on the amount of time it had taken to complete the project.

A report of the Committee on Human Resources was presented recommending that an enclosed wellness programs handout be enclosed with employee payroll checks.

On motion of Alderman O'Neil, duly seconded by Alderman Rivard, it was voted to accept, receive, and adopt the report of the Committee.

A communication from the New Hampshire Symphony Orchestra was presented requesting to place banners across Hanover Street for various events to be held in the future.

On motion of Alderman Wihby, duly seconded by Alderman Rivard, it was voted to refer the communication to the Committee on Administration.

29. Communication from the Deputy Finance Officer requesting to enter into Non-Public Session for the purpose of discussing the Amoskeag Hydro Station from Northeast Utilities.

30. Communication from Chief Driscoll requesting to enter into Non-Public Session for the purpose of discussing a site location for the new Police Headquarters.

Alderman Thibault moved to enter into non-public session under the provisions of RSA 91:A-3 Paragraph 2(d) for items 29 and 30. Alderman Shea duly seconded the motion. A roll call vote was taken. Aldermen Wihby, Klock, Reiniger, Sysyn, Clancy, Pinard, O'Neil, Girard, Shea, Rivard, Pariseau, Cashin, Thibault, and Hirschmann voted yea. The motion carried.

Within non-public session, members first discussed the Amoskeag Hydro station and the potential purchase by the City. Mr. Sherman reported on the City's offer and the response to date by Public Service Company. Members concurred that the response from Public Service Company was unreasonable and the option under statute of petitioning the PUC to set a purchase value for consideration by the City was something the Board should consider.

Barry Brensinger then addressed members of the Board regarding potential site locations for a new police station. Chief Driscoll and members of the police staff were present for the discussion as well as the Planning Director. Five locations were discussed, along with potential costs in purchasing property, loss of tax base or other revenues, other impacts to the city, neighborhoods, businesses or governmental units, and criteria utilized to evaluate the sites. Members requested the presenters to return with more information regarding potential purchase options and impacts for two of the five sites.

On motion of Alderman Klock, duly seconded by Alderman Pariseau, it was voted to return to public session.

Alderman Wihby moved to authorize a petition to be filed with Public Utilities Commission (PUC) requesting a purchase price be set by the PUC; and authorizing related expenditures not to exceed $5,000.00. Alderman Reiniger duly seconded the motion. The motion carried with Alderman Rivard, Pariseau and Hirschmann duly recorded in opposition.

31. Communication from the Chief Negotiator requesting to meet with the Board for a negotiation strategy session.

On motion of Alderman Thibault, duly seconded by Alderman Shea, it was voted to recess the meeting for a negotiation strategy session with the Chief Negotiator.

Mayor Wieczorek called the meeting back to order.

Mayor Wieczorek stated the first contract we are going to take is the Fire District Chiefs.

Alderman Klock moved to approve the Fire District Chief's contract. Alderman Sysyn duly seconded the motion.

Deputy Clerk Johnson asked if this were subject to Rule…

Alderman Girard interjected asking if they were just putting it on the table.

Members of the Board concurred they were voting on it.

Mayor Wieczorek called for a vote, the motion carried with Alderman Girard duly recorded in opposition.

Alderman Pariseau questioned if this was strictly the Fire District Chiefs. Mayor Wieczorek responded affirmatively. Alderman Pariseau stated okay, he could vote for that.

Alderman Girard stated, your Honor, for the record my opposition is not with the contract…

Alderman Pariseau stated your opposition is a pain in the….

Alderman Girard indicated it will get worse. No, your Honor, it is because of the issues that I raised with Yarger Decker earlier this evening.

Deputy Clerk Johnson asked can the Clerk just clarify whether or not that is subject to Rule 26.

Mayor Wieczorek replied it is, subject to Rule 26. So, that contract is now done.

Mayor Wieczorek stated next the Firefighter's contract.

Alderman O'Neil moved to approve the Firefighter's contract. Alderman Hirschmann duly seconded the motion. The motion carried with Alderman Pariseau duly recorded as abstaining and Alderman Girard duly recorded in opposition.

Mayor Wieczorek asked is there a motion to adjourn.

Alderman Klock moved to adjourn, Alderman Hirschmann duly seconded the motion. Mayor Wieczorek called for a vote. The motion carried.

A True Record. Attest.

City Clerk