

**BOARD OF MAYOR AND ALDERMEN**

**January 18, 2000**

**7:30 PM  
Aldermanic Chambers  
City Hall (3rd Floor)**

Mayor Baines called the meeting to order.

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

Present: Aldermen Wihby, Gatsas, Levasseur, Sysyn, Clancy, Pinard, O'Neil,  
Lopez, Shea, Vaillancourt, Pariseau, Cashin, Thibault, Hirschmann

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

Mayor Baines presented a Certificate and pin to Mr. George Copadis for his many years of service in organizing the annual "Glendi" festival sponsored by the St. George Greek Orthodox Cathedral.

Mr. Copadis expressed his appreciation to the Board noting that the parishioners truly show the spirit of St. George Cathedral and I'd like to thank my parents for showing me that community involvement is something that we all need to take part in and also for my son for standing by me through all these years of service. Thank you very much.

Mayor Baines stated there are some people I'd like to commend at the beginning of this meeting. Those of you who had the opportunity to participate in the Inaugural Ceremonies at West High School should know that a lot of people worked very, very hard behind the scenes to make it possible and I hope it set the tone for a true community celebration of this Inauguration with new leadership coming into the City and I'm very grateful, in particular, to Marc Pappas and to Ray Buckley who stepped forward at my request to chair this event and I'd like to publicly thank them at this time for demonstrating, once again, that once an election is over we need to bring together the community in a bi-partisan, non-partisan manner to have an inauguration for the people of the City along with Kim Therrien, Lisa Thibault and my sister Shirley who very hard to bring that personal touch which was very important to me and on behalf of all of us on the Board of Mayor and Aldermen and the Board of School Committee I'd like to publicly thank you for doing something very special for our community and for me personally and for all the members of the Board. Thank you very much for a job well-done. Thank you.

I'd also like to thank Russ Poehlman, the Director of Fine Arts for the Manchester School District who organized a wonderful open house a week ago last Saturday when we opened the doors to City Hall to the people and we had an opportunity for all of these young people from across the community to come together to share their talents with all the people of Manchester, he did an absolutely incredible job and finally, before we move to the agenda I'd like to

introduce to the public my new Assistant to the Mayor, Wayne Robinson, who has joined our staff and we welcome him to City Hall this evening, as well. He joins Lorraine Blushiy, a long-time secretary at Memorial High School who has joined my staff as my Administrative Assistant and David Scannell a 1984 grad of Central High School and a graduate of Colby and the University of Maine Law School who will be joining us on or about February 1st. So, please when you have an opportunity, please welcome them to City Hall.

### **CONSENT AGENDA**

Mayor Baines 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. Copies of minutes of meetings held on November 3, 1999 (two meetings).

### **Ratify and Confirm Poll Conducted**

- B. Approving a request of Jim DuBreuil, America's Voice, for space on Granite Street and possibly the adjacent sidewalk based on their need to run video cabled from outside the Center of NH from January 27 to February 2, 2000.

### **Informational - to be Received and Filed**

- C. Copies of minutes of meetings of the Manchester Airport Authority held on October 28 and November 23, 1999.
- E. Communication from the City Clerk on behalf of Mayor Baines advising of agenda deadlines for agendas of the Board of Mayor and Aldermen and its committees.
- F. Communication from the Chief Sanitary Engineer (EPD) advising that no warrant will be submitted to the Board on 1/18/00 due to problems associated with the conversion from RCOS to the HTE Utility Billing System.
- H. Communication from Executive Councilor Colantuono advising that at the January 5<sup>th</sup> meeting of the Governor and Council it was voted to approve to amend a loan agreement in the amount of \$435,000 for the purpose of completing Phase I of the Cohas Brook Interceptor Sewer Project.
- I. Communication from Executive Councilor Colantuono submitting the agenda for the Governor and Council meeting held on January 5, 2000.
- J. Communication from the State of NH, Department of Transportation submitting a copy of the conference report of the informational meeting held on December 6, 1999 relative to the rehabilitation of approximately two miles of NH Route 101 from I-93 in Manchester to the Severance Brook area in Auburn.

### **Informational - Referred to the Committee on Community Improvement**

- K. Petition for Discontinuance of a paper street known as Felton Street.

**REFERRALS TO COMMITTEES**

**COMMITTEE ON ACCOUNTS, ENROLLMENT, &  
REVENUE ADMINISTRATION**

- L.** Communication from the Finance Officer submitting the City's Investment Policies and Guidelines for Board approval.

**COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS**

- M.** Communications from Mary and Henry Beauchemin and Doris Stanley expressing their concerns with MediaOne programming.

**COMMITTEE ON COMMUNITY IMPROVEMENT**

- N.** Communication from Blanche Grondin relative to the cleanliness or lack thereof surrounding Dorr's Pond and Livingston Park adjacent to the DW Highway.

**COMMITTEE ON FINANCE**

- P.** Resolutions:

"Amending the 1999 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred and Twenty Thousand Dollars (\$120,000) for the 1999 CIP# 610899 Webster House Renovations Program."

"Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of Six Thousand Dollars (\$6,000) for the 2000 CIP Project 710300 LED Replacement Program."

"Authorizing the Finance Officer to effect a transfer of Seven Thousand Five Hundred Dollars (\$7,500) in line item 0903 (Contingency) be transferred to the Alternative School Committee."

**COMMITTEE ON HUMAN RESOURCES/INSURANCE**

- Q.** Copy of a communication from the Library Director relative to assistance for the Library based Adult Literacy Program in the amount of approximately \$13,500.

**COMMITTEE ON LANDS & BUILDINGS**

- R.** Communication from the American Lung Association of NH requesting authorization to display a VW Bug at City Hall Plaza for a few days in March in conjunction with their planned "Get Bugged About Smoking" raffle on April 22, 2000
- S.** Communication from Jon Erdahl, WGIR AM/FM requesting the use of Arms Park and the Notre Dame Bridge on Sunday, May 28, 2000, with a rain date of Monday, May 29, 2000 in conjunction with their 9th Annual Memorial Weekend fireworks display.  
**(Note: Concurrent referral to Committee on Traffic/Public Safety)**
- T.** Communication from Attorney James Schulte on behalf of Mrs. Mary Mathes seeking authorization to execute a Subordination Agreement as outlined herein.

**COMMITTEE ON TRAFFIC/PUBLIC SAFETY**

- U.** Communication from Alderman Levasseur requesting to expand the residential parking

permit area to include Manchester Street from Elm to Chestnut Streets and adding three metered parking spots on Elm Street.

- V. Communication from Linda Garriott, Intown Manchester, submitting various requests in conjunction with "Hanover Happenings" on July 6, 13, 20, 27, August 3 and 17, 2000, from 6:00 to 9:00 PM as outlined herein.  
(Note: concurrent referral to Committee on Administration/ Information Systems.)

#### **SPECIAL COMMITTEE ON RIVERFRONT ACTIVITIES**

- X. Communication from Emile Beaulieu recommending that the Board consider naming the proposed Riverwalk along the Merrimack River the "Nackey S. Loeb Riverwalk".

#### **REPORTS OF COMMITTEES**

##### **COMMITTEE ON COMMUNITY IMPROVEMENT**

- Y. Recommending that the \$120,000 in funding for the 1999 Webster House Renovations Program be changed from HOME to Affordable Housing Funds and for such purpose an amending resolution and budget authorization have been submitted.
- Z. Recommending that the Board authorize acceptance and expenditures of an additional \$6,000 from Public Service Company for the LED Replacement Program and for such purpose an amending resolution and budget authorization have been submitted.
- AA. Recommending that a sewer abatement request for 889 Beech Street be denied.
- AB. Advising that it has referred the question of the Intown Manchester skating rink transfer request to the Chamber of Commerce requesting they help find a way for the City to fund the operation or find a good cause that it can be used in.

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

- D. Communication from the City Clerk submitting a copy of the membership of the Aldermanic Special Committees of the Board for 2000-2001 on behalf of Alderman Cashin.

Alderman O'Neil requested the Clerk speak to Item D.

Deputy Clerk Johnson noted that Item D contains memberships of Aldermanic Special Committees and Fred Testa is mentioned as a member in two committees and we would just like to replace that with Kevin Dillon and a motion to receive and file on that basis would be appropriate.

Alderman O'Neil moved to receive and file Item D as noted by the Deputy Clerk. Alderman Thibault duly seconded the motion.

Alderman Hirschmann stated there is one committee of which I am Chairman of which disbanded in 1997. So, you really should amend the membership.

Mayor Baines asked that the Clerk advise.

Deputy Clerk Johnson replied actually I think the Chair of the Board wishes to address this item.

Alderman Cashin asked that this item be held in abeyance until later.

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

- G.** Communication from the Manchester Water Works (MWW) submitting a copy of the MWW's 2000 capital, operating and maintenance budgets.

Alderman Gatsas moved that Item G be referred to the Committee on Community Improvement. After being a Commissioner at the Water Works for five years does a great job, I think they do a great job for the City of Manchester. However, I believe that at some point here the profitability here, generating profits of \$1.5 million a year without giving something back to the ratepayers needs to be looked at. Alderman Hirschmann duly seconded the motion. There being none opposed, the motion carried.

- O.** Communication from the Human Resources Director requesting funds for an additional 20 hours for Pinkerton Security Guard on behalf of the Library Director.

Alderman Lopez stated this has not been through any type of committee, so I don't know what the situation is really on how urgent or safety it is, but it seems like we're getting a lot of Pinkerton Security Guards and I was wondering if it would be appropriate to put this in the Administration Committee or HR Committee.

Mayor Baines asked is there any clarification from Human Resources on that issue.

Alderman Wihby interjected that item is coming up in Finance.

Mr. Tawney replied after conversations between the department head, the Mayor, we don't think we need to take any action on this at this time. For the time being, it's being handled by department funds now and if there's a problem we can come back to the Board.

Mayor Baines stated the Library Director is in the audience, would the Board have any objection if I asked the Library Director to speak on this issue, please step to the microphone.

Mr. Brisbin stated I appreciate the opportunity to speak. We did almost lose the Library due to lack of security with the incident of arson that you have documentation here in your packet. Also, just today we had seven windows shot out by a BB gun. There's just numerous incidents

and you can't do it on just the one guard. Today, on the east side of the building which is over \$2,000-2,500 damage right there; that happened yesterday which was a holiday and, of course, no guard. We always ask for increased Police patrolling in the area, but it just isn't enough.

Alderman Thibault asked has the Police Department been notified of this.

Mr. Brisbin replied yes. I had a good conversation with the Chief and he directed it to the Juvenile Division. We have a couple of individuals with a pattern of this type of behavior, we're looking into and I had good response from them this morning.

Alderman Shea asked, John, could you explain why you would need that person. What would that person be required to do or the additional hours, could you explain that.

Mr. Brisbin replied it would take us up to 11:30 and that individual would then close the building and arm our motion sensor system. We're open until 8:30 on Mondays, Tuesdays and Thursdays, but we do have one custodial person that's in there until 11:00 PM. We have a building that was built in 1913. You have to do a complete patrol of it because it wasn't designed to close off certain portions, we have close stack areas which are very easy for people to sneak down into and so forth. We're also...in the quadrangle there it's just a dangerous area and the public that comes to the Library at night needs to have that additional sense of security.

Alderman Shea asked the security guard now leaves at what time, John.

Mr. Brisbin replied he leaves at 8:30 when the Library closes.

Alderman Shea stated the person cleaning is the one that locks up or is responsible for making sure that...

Mr. Brisbin stated we've had trouble having people want to work in the building with just one individual working in the building and that was borne out by the fact that there were, in the Fire Department's estimation, there was at least one person, perhaps more than did hide in the building and who did start that fire in the boiler room. It was put out immediately, it was on December 20th.

Alderman Shea stated so, we could be actually penny wise and pound foolish.

Mr. Brisbin replied absolutely. We have 300,000 volumes and in ten or fifteen minutes that can be cinders.

Alderman Shea moved that we continue to discuss this in Finance rather than refer it to a committee because to me I think this is very important and if we were to lose our Library and all the precious documents there for whatever...you'd like an additional \$6,652.82. Alderman

Wihby duly seconded the motion. The motion carried with Alderman Levasseur duly recorded in opposition.

- W.** Communication from the Economic Development Director submitting a spread sheet showing expenses paid through December 31, 1999 in connection with the Phase II Civic Center budget.

Alderman Vaillancourt stated this is the Civic Center projected budget and expenses. Since I'm new to the Board, I'm just wondering if there usually a more detailed document that comes explaining what these expenses are for incurring each individual item, is this as detailed as it gets.

Mr. Clougherty replied this is the cover letter, it's a referral to a Committee and at the Committee...Jay Taylor's office is responsible for administering the account and is available to answer any questions at that Committee.

Mayor Baines asked if we accepted a motion to refer this to the Special Committee on the Civic Center the questions could be answered at that committee level.

Mr. Clougherty replied that is what the motion is here, it is a referral to the Special Committee.

Alderman Wihby moved that Item W be referred to the Special Committee on the Civic Center. Alderman Pariseau duly seconded the motion. There being none opposed, the motion carried.

- 5.** Presentation of the FY1999 Management Letter and Comprehensive Annual Financial Report by representatives of the Finance Department and the City's independent auditors Melanson Heath & Company

Mr. Clougherty stated as the Board knows each year at the completion of the fiscal period we have the independent auditors from Melanson Heath & Company come in and review the City's books and issue a report and letter to the Board in terms of their Management Letter findings and the status of the City's financials. We have with us tonight Frank Biron and Scott McIntire from the firm who are part of the engagement and they will walk you through the document and the Management Letter and will be happy to entertain any questions and get follow-up information or if you'd like to refer it to the Committee on Accounts, we've done that before too.

Mr. McIntire stated thank you. Mr. Mayor and Members of the Board, thank you very much for having us in this evening to walk through the results of our fiscal year 1999 audit. We understand that we have several new members to the Board, so we're going to take a minute and walk through the highlights of the financial statements, but before I begin Mr. Clougherty introduced both of us. I'm Scott McIntire, this is Frank Biron...we're both partners here at the firm of Melanson Heath & Company and together we manage the City's audit. I'm going to walk through the highlights of the financial statements and I'll entertain any questions you may have on the numbers and then Frank is going to talk more about our Management Letter which

is our observations that we had during our time here in Manchester and our recommendations for the City's corrective action. As I said I'm going to walk through the City's Comprehensive Annual Financial Report. And, before I begin as the name implies it's a very comprehensive document, it's over 124 pages and it's really broken down into three main sections. The first section is the introductory section. This is a transmittal letter basically written by Mr. Clougherty introducing the financial statements to the reader, telling the reader a little bit about the major highlights that went on here in Manchester in fiscal year 1999 and a general outlook for the coming future fiscal years. The next section (financial) really is the numbers part; that is really the part that we audited, it shows you your balance sheet at June 30, 1999, the results of operation, and then it's supported by many detailed schedules in the middle part of the report showing the individual funds and account groups that the City has. The final section is really the statistical information. This includes a lot of demographic information, in trends on revenues and expenditures. Usually presented on a 10-year historical basis. With that brief introduction, I would like to turn your attention over to the City's balance sheet which begins on page 26 of the Comprehensive Annual Financial Report. There's an awful lot of columns here and I'll take just a second here to explain a couple of the columns. Most of our discussion is going to focus on the first column, the general fund, this is the City's main operating fund. Most of your tax revenues and most of your general governmental expenditures are counted for in here. Working from left to right the Special Revenue Fund column...in here grants, Community Development and School grants and revolving funds are accounted for as Special Revenue Funds...Capital Project Funds...those are major projects that the City has undertaken, generally funded by long-term bonds. The next column is your Enterprise Funds which includes Water Works, EPD, the Airport, Recreation and the Aggregation Program. Then, we come to the Trust and Agency Funds. Those include a lot of Library and Cemetery Endowment Funds. Then, you have your Fixed Assets and then your General long-term Debt account group. Basically, that includes all of your long-term liability except those that will be funded by Enterprise Funds; that is just a quick overview of what's included here in the balance sheet. From this point on, most of our discussion will focus on the General Fund. In working back to that first column of numbers...the key number that most readers are going to look at first when they review your financial statements is in this General Fund column and it's the third number up from the bottom...it's called your Unreserved/Undesignated Fund Balance, it has a balance of \$466,223.00; that number combined with the number just above it, your Revenue Stabilization Fund of \$5,511,000...together those represent the City's surplus at June 30, 1999. Now, collectively those add up to approximately \$6 million, so as I go through here and I talk about the City's surplus or it's fund balance account I'm going to use the figure of \$6 million which is the sum of the third number up from the bottom and the fourth number up from the bottom on page 26 of the financial statements. That fund balance of \$6 million represents a surplus of about 3.6% of the City's fiscal year 1999 budget. So, you have a nice surplus there. A couple of observations we have about that that are also pointed out in the transmittal letter is that that surplus has been flat for a couple of years. In other words, if you were to go back to the City's financial statements of June 30, 1997, the surplus was essentially the same. So, while it has a nice nest egg there, it hasn't necessarily grown in the past couple of years. Another issue I'd like to point out with respect to some of the reserve accounts that exist above the \$6 million fund

balance that I'm primarily talking about you see several reserve accounts for Workers' Compensation and General Liability Insurance...these are reserves that the City has and that any city needs to have in the event of excess Workers' Comp claims or General Liability claims. What's noticeable here is due to its absence is a reserve to Health Insurance claims. It's talked about in the transmittal letter, but in prior years the City had a reserve of over a million years for excess Health Insurance claims. It needed that reserve in fiscal year 1999, therefore, we don't see it here on your June 30, 1999 balance sheet. So, sort of to summarize the fund balance section of your financial statements the section that most readers are going to turn to first is that you have a fund balance, a surplus of about \$6 million...represents about 3.5% of your budget which is a nice surplus, but that has remained level for about three years. In addition, you have had other reserve accounts in prior years that got used up in fiscal year 1999...Health Insurance claims far exceeded expectations and you needed to dip into that reserve account. So, the City needs to make an effort to reestablish that reserve account in the event that it's needed again.

With that being said, I'd like to move on quickly to your results of operation, your revenues and expenditures for fiscal year 1999. Over on page 28, again, I am going to focus on the General Fund column and again the key number is the third number up from the bottom, it's in brackets [\$219,111.00]; that essentially means you spent \$219,000 more than you collected which is very close to break-even. So, your in flows matched your outflows. As a result, that's why on the prior page I was saying your fund balance virtually has been unchanged since the prior fiscal year. This is an income statement presented in accordance with Generally Accepted Accounting Principles. A lot of times a more reader friendly income statement is the one that's presented over on page 31. Page 31 reports your results of operation compared to the budget that was enacted by the Board of Mayor and Aldermen and if we look over on page 31, the key column here and this page represents only the General Fund, so there are no other funds involved here or reported on page 31. The key column I'd like to focus on here is the one on the far right, the variance. The first column, obviously, is your budget, the middle column represents your actual results of operation and the variance of your results compared to budget is presented. The top third of the page really represents, as you see, your revenues compared to budget. In about one-third of the way down that final column you see in bold print a favorable surplus of \$119,570. In essence, that means you collected almost \$120,000 more in revenues that you had anticipated. It's certainly nice that it's favorable, but in terms of your budget that's not even one percent of your budget. So, you can begin to see why the City had pretty much a breakeven year. It's revenues were right on target with the budget. Working down page 31 to the middle third of the page you see the expenditures and similar to the revenues the bottom of that section in the bold print you see that the departments didn't spend or turned back to surplus \$18,863 of their appropriations and with a budget of \$165 million, that's a very, very small percent. So, in essence, you had favorable results of operations on your revenues and expenditures, but those numbers were very small in relationship to your budget. As a result, the sum of those two numbers which is \$140,000 or so is why you had your fund balance was virtually unchanged from prior fiscal years. I will also point out...still talking about the expenditure section on page 31...much of the reason for expenditures virtually being equal to the anticipated budget is if you look at the top of that expenditure section under General Governmental in the Variance column you see a negative number there [\$984,505]; that goes back to the Health Insurance issue, the

Employee Benefits and primarily Health Insurance. As I mentioned when we were talking about the balance sheet, the City needed to use its reserve that it had established because you incurred excess claims. Those excess claims are shown here on your income statement, they exceeded the budget and as a result that's what showing that the departments in total only had turn backs of a little over \$18,000 for the year. That is a very quick overview of the General Fund operations. The City's other funds, primarily the budgetary funds are its Enterprise Funds and if I could just quickly turn your attention over to pages 90 and 91...these are the self-supporting Enterprise Funds that do not use any tax dollars. As I indicated in the beginning, it's Water Works, EPD, Airport, Recreation and Aggregation. The key observation here and I won't go into a lot of detail here, but if we look at the third number up from the bottom, it's an increase or the decrease in Retained Earnings...in the first three funds you see very positive results there, large increases in Retained Earnings for the year. Recreation Fund is virtually breakeven for the year and the Aggregation Program showed a loss of almost \$290,000. As we reported in our prior management letter and Frank will get into it a little bit more when he discusses the current year recommendations, we previously suggested that the Board just keep an eye on this fund, Frank will explain the program when he goes through the Management Letter, but we think that the City is watching this and does have expectations that revenues will come in to fund that. I recognize it's a real fast overview of a 120 page document. I will entertain any questions on the numbers or I will hand it over to Frank to discuss some of our recommendations.

Mayor Baines asked are there any questions before we proceed.

Alderman Shea asked why has the Reserve Fund, in your judgment, remained flat. What are the causes that caused the Reserve Fund to remain flat.

Mr. McIntire replied if we go back to page 31 it's really that revenues and right on line with the budget and expenditures have also matched the budget. There's been no extraordinary collections, per se, that would in addition to what you have anticipated that would...in other if you had budgeted a million dollars in motor vehicle collections and you collected two, that extra million would almost automatically drop into your fund balance account. There's been nothing extraordinary like that happen that's going to add to your surplus. Likewise, on the expenditures...granted some departments turn back large percentages of their budgets, but unfortunately in 1999 you did have the Health Insurance issue that came up, so as a total of all the departments, they spent virtually everything that was allotted to them. So, there was no savings on the appropriation side that would allow those funds to drop into surplus.

Alderman Shea stated so basically the reason for the expenditure was the health. Are we doing something (maybe you're the wrong person to ask), but I'm thinking are we doing something wrong in that area which would cause the City to have such a large expenditure. Are we moving in the wrong direction, so to speak.

Mr. McIntire replied I'll let Kevin answer some of that. I will say that prior to this year you were doing the right things like having that Reserve Fund there. Without that Reserve Fund, we

wouldn't be talking about your surplus being flat, we'd be talking about your surplus having dropped over a million dollars. So, you've been doing the right things by having that Reserve account; that's sort of the past. I will let Kevin talk about what changes are going to take place in the future to correct them.

Alderman Shea stated I'm looking more for causal factors, something that's causing this to come about. Is it a progression. Maybe Kevin can answer that, I'm not sure.

Mayor Baines asked can you clarify that for me, Mr. Shea, in terms of causal.

Alderman Shea asked is there going to be a continuous increase in Health Benefits because of certain causes that have recently come about or is this kind of an anomaly because of factors this year.

Mr. Clougherty replied it's primarily factored this year. We tried to build up the fund over time to provide us a cushion in the event that you have some of the catastrophic types of claims that can occur. They don't occur every year, but you need to have something there. We had some of those claims this year. We also saw as a result of the contracts that were adopted some increases in benefits and you also saw an increase in the number of employees, particularly at schools as a result of the size of the budget. All those factors draw on this fund in this first year. Going forward we'll try to budget a little bit more. We've worked with Human Resources, it's their area to manage these contracts and you'll probably see that addressed during the budget cycle. So, you're never going to get back to the million and one year, but you want to grow up and try over time to build that fund, so that the reserve is there when you need it and it was there when we needed it this year.

Alderman Shea stated what I was thinking about is the fact that we're paying more being caused by the HMO's raising their rates and they'll continue to raise their rates and, therefore, even though we raise the rates (percentage wise) employees are we doing the right thing by self-insuring ourselves.

Mr. Clougherty replied I'll defer it to Human Resources because they develop those contracts, Alderman, but I think those are the types of things that you're going to have to consider as part of the upcoming budget. I think you're right on in trying to focus on those areas because the labor contracts and the costs of those services and the claims paid through the self-insurance fund is what's hitting you here. I think we're going to have to build that back up.

Mayor Baines asked when you're looking at a cost that's rising in a certain area of the budget such as what happened with Health Insurance who is monitoring that to see if greater efficiencies can be brought about by the different departments within the City to sort of anticipate that and to buffer against that type of thing happening.

Mr. Clougherty replied in this case, Mayor, we'd work with Human Resources, we'd provide them the financial reports so they can track that and see how that's going. Part of what happens too is if you get a couple of catastrophic claims it really does add up fast and that can have the big impact on your fund and those things are unpredictable. To the extent that you can control the costs of the budget and the labor and put in the thing...the Risk Manager is doing in terms of safety, all of those things help and we'll continue to work with Human Resources on that.

Mayor Baines stated you seem to be alluding to the fact that \$18,000 is a very small amount of money, obviously, and the millions that we're dealing with...is there some kind of assumptions in that comment or is that something that you normally see or don't normally see when you audit.

Mr. McIntire replied what's driving that is the Health Insurance issue. If you were to pull that out you're probably looking at seven or eight hundred thousand dollars in departmental turnbacks. Funds that weren't spent by the various departments. So, I think the seven or eight hundred thousand dollars that you would have had if this wasn't an extraordinary year in health claims is a much more reasonable number and more in line of where the City's been in the past.

Mayor Baines stated so the fact that you pointed out only \$18,000...that seemed to strike me as you were making some kind of a comment there, but maybe I was reading that wrong.

Mr. McIntire stated I think I am stressing that because I'm looking at it as your total, the budgetary impact here. All departments including the Health Insurance line items of those departments...when you combine them all together is negligible in terms of your \$165 million budget; that is why I was stressing that point. I would like to go back to Alderman Shea's other question because I'd like to throw in another point with...the Alderman's question was my observations as to why the surplus has sort of remained stagnant and pointing to the numbers on the Variance column here are one of the reasons why your fund balance has remained stable. But, the other reason is indicated in the first column here. The Budget column on page 31, very quickly just working from the top you had revenues estimated at \$165 million, expenditures at \$165 million and transfers out which is almost at the bottom of the page of \$1.5 million and that nets to a negative \$1.3 million. So, the budget that was enacted basically was enacted anticipating that you would use fund balance, use your surplus account to help fund operations in 1999. Another way to say that is you anticipated losing money in fiscal year 1999; that from a budgetary standpoint...if you expect to lose the \$1.3 million that's going to help keep your surplus either stable or it certainly can drop it down very quickly, as well; that, I guess, would be a follow-up answer to Alderman Shea's prior question.

Alderman Vaillancourt in reference to page 26 stated I'm interested not as much in the \$6 million surplus at the end of June, 1999, but of the 3.6% that is represents. Could you give us some idea how this compares with cities roughly the size of Manchester.

Mr. McIntire replied what I will do...I can certainly get that information, I don't have it with me this evening. The rating agencies [Moody's or Standard & Poors] would typically like to see that in between five and ten percent. So, you're a little short of that, but a City this size with its tax base you're probably okay with that, but with that surplus, having additional reserves like your Workers' Comp Reserves and if you had a better Health Insurance Reserve and a Claims Liability Reserve which is probably a reasonable surplus account to have...certainly, it's preferable to have between five and ten percent in the event emergencies come up or a downturn in the regional economy, you have basically a savings account there that will help stabilize the tax rate.

Alderman Vaillancourt stated to follow-up...so, what we would have to do to get into the mid-range of that five to ten percent would be basically to double the \$6 million up to \$12 million.

Mr. McIntire stated five percent would represent a little over \$8 million. So, you've got a couple of million to go. Another observation that I will make at this point is back on page 26 the two numbers that we referred to here that add up to the \$6 million...if you go one row above that you see an account called Advances that has \$1,022,000 in it; that represents a reserve that Generally Accepted Accounting Principles requires the financial statements set aside because the Aggregation Program...when I quickly talked about the Enterprise Funds in the middle part of this report, the Aggregation Fund hasn't generated revenues yet and it has not generated cash yet, however, the City has a budget and it has spent some money out of that fund, but it has no cash in that fund to do that. So, it's been borrowing General Fund Cash to fund operations until the program is more up and running. As a result, with that cash deficit over there you need to...accounting principles require you to set aside an amount of money here in a fund balance account in case that cash never comes in and you can pay off the cash deficit that exists out in the Aggregation Fund. We look ahead, if the entity does generate cash flow and becomes self-sustaining that million dollars in the reserve account called Advances drops back into your fund balance and is another million dollars towards your goal of five to ten percent.

Mayor Baines stated before I lose site of it, I would entertain a motion to refer this issue related to insurance to the Human Resources Committee, to review that, to look at a way that we can more closely monitor that and report back to us.

Alderman Shea moved to Mayor Baines' suggestion that the Health Insurance aspect be referred to the Committee on Human Resources/Insurance. Alderman Lopez duly seconded the motion. There being none opposed, the motion carried.

Alderman Wihby in reference to page 26 [Revenue Stabilization] that is growing every year by four or five hundred thousand dollars. This year we put in \$406,000, almost \$410,000. So, isn't it really that that \$6 million of the Undesignated Fund balance we used more of that than we normally did, usually that's a little bigger than normal. There's always a number there and we always anticipate that when we do the budget, we just used more of it than we normally do. So, that's why that numbers actually down. You're making it sound like we're the same as '97, but in

a normal year if we had used the regular percentage that we did on a fund balance that number would have been a lot higher.

Mr. McIntire stated I have been talking about those two accounts as one and referring to them as \$6 million. If you do look at them as individual funds or individual accounts the Revenue Stabilization Account has gone up \$400,000 this year, approximately the same in the prior year, but the Undesignated Fund balance number has gone down over the last couple of years as well. So, you're correct, Alderman, I was referring to them as one.

Alderman Wihby in reference to the fund balance of \$410,000 stated comes from half of the General Fund Operating Surplus, that's how that's calculated, where is that number. I'm looking for a number that's eight hundred and twenty and I can't find it anywhere.

Mr. McIntire replied you don't see that direct number in here and that results from many of the City's self-insurance programs being a component of the General Fund, the Revenue Stabilization Account calls for one-half of the true General Fund results of operation going into this account. So, without the self-insurance programs in the General Fund your results of operation had a surplus of say \$880,000, half of which is four hundred that went into the Stabilization Account. However, in a combined reporting like this is your General Fund also includes your self-insurance programs. So, that's why if you go over to page 28 you see in the third number up from the bottom a \$200,000 net loss for the year; that is driven by this excess self-insurance claims. If you were to pull those out your true General Fund results of operation would have been a positive \$800,000.

Alderman Wihby asked are we doing it the right way, should we not take that out and use that number when we put money in.

Mr. McIntire replied I think the idea behind it is that you had separate reserve accounts for the Health Insurance and the Workers' Compensation and those fund balance changed as those individual results of operations changed. I think having a Revenue Stabilization Account like this is a great thing to have, I think it would be up to the Board to decide whether or not it wanted to include self-insurance claims in calculating its Revenue Stabilization.

Alderman Gatsas stated let me just make a couple of assumptions first of all, maybe you can help me through this. I assume because we're a municipality that we don't actuarially have to be sound on our Medical Insurance Reserve Account through ARISA guidelines.

Mr. McIntire replied you have a Risk Manager and you have had actuarial valuations done on these programs and those actuarially determine liabilities or what's reflected in your balance sheet here, does that answer your question.

Alderman Gatsas stated normally if you have a self-insured plan you must be somewhere between 25 and 28 percent reserved to be actuarially sound. Now, I don't know if that's telling

me this in this report or because we're a municipality we don't need to meet those ARISA guidelines.

Mr. McIntire replied I'm not familiar with what ARISA...I'm not familiar to answer that question. I guess I would continue to say as I said a few minutes ago, I think it is going to be important for you to build that reserve back up again and that was there, it got used and I think it is going to be necessary for the City to build it up again.

Alderman Shea stated when our budget is a certain amount, let's use for simple figures [\$50 million], we need a certain Reserve Fund percentage. When our budget rises or gets larger that particular reserve has to go up as well, so it's really based on percentages, isn't it, in terms of how much we have. In other words, when you say we need five percent to ten percent what you're really saying in essence is, the greater your budget, the more you spend, the more money you have to put into that reserve in order to cover whatever percentage you need to cover...five to ten percent. Am I correct in stating that in simple terms.

Mr. McIntire replied yes.

Mr. Biron stated we'll go into the next report. My name is Frank Biron, I'm also one of the partners with Melanson Heath. The other report is the Management Letter where we document some of our observations during the course of the audit and we make some recommendations for improvements. If you recall, last year's Management Letter those members of the Board who were here last year. Actually, it wasn't a whole year ago that we met with you, I think it was last April. There were a number of issues...the prior year Management Letter had a number of serious issues in it, issues that we call "Reportable Conditions". Reportable conditions are serious internal control weaknesses. This year's report does not have any reportable conditions. Those areas that we mentioned a year ago have been since corrected. There are also much fewer issues raised in this year's Management Letter than there were in last year's. The way this letter is put together is first we'll discuss some current year issues that we came up with from this year's audit and then the second section is going to be a follow-up on some prior year issues where we think there's still some areas of improvement that could be made. To go to page 3 which is the first currently year issue...in the Spring of 1999 the Superior Court ruled that the Manchester School District is a separate reporting entity. So, right now they're going through a transition period of separating from the City's reporting entity. In next year's financial statements they won't be part of the City's General Fund. They'll have their own set of financial statements, they own separate balance sheet, they're own surplus account and they won't be part of the City. But, there are a number of issues that have to be resolved between now and then that haven't been discussed in that Superior Court decision and we mentioned those here. These are all issues that we think have to be discussed in the very near future because they are going to affect the school and the City's financial statements for this upcoming June 30th as well as next year's budget which you'll be working on shortly.

Mayor Baines interjected just to reassure you we will be discussing those tomorrow.

Mr. Biron continued by stating some of the issues we mention in here...the first one is chargebacks...what those are area City departments that provide services for the School Department. The School District is going to have to make a determination as to whether they are going to continue using City departments to provide those services in the future as well as how much those are going to cost. Those will definitely have some budget ramifications. The School District is also going to have to make a decision whether or not their employees are going to continue to participate in the City's benefit programs. A determination as to the amount of bonds and related debt service that relates to the School District is going to have to be arrived at. The bonds that are reported in the balance sheet that Scott just went through. Some of those are going to relate to the School District, some are going to relate to the City. A formal payment schedule will have to be arrived at so that tax dollars are collected here in the City. Those amounts are going to have to be turned over to the School District so they can pay their budget. A transition of the control over some special revenue, capital project and trust fund cash balances as it relates to the School District will have to be made from the City Treasurer to the School District Treasurer. A determination will have to be made as to which fixed assets actually belong to the School whether its buildings, equipment, vehicles, what belongs to the City, what belongs to the School. So, those are all issues that have to be resolved in the very near future in order to have the financial statements prepared properly for this upcoming year as well as the upcoming budget. The next issues deals with the Tax Collector's Office and the computer conversion that's presently going on there. Now, a year ago when I met with you a number of the issues that we discussed had to do with the HTE computer conversion for the City and there were a number of difficulties that the City departments were going through. Most of those have been worked out now. I'll do a follow-up a little bit later on some current issues that are out there, but right now the Tax Collector's Office is going through the conversion...that began in August of 1999 for their real estate bills. It's caused a lot of difficulties, there are some problems they're going through right now and those are causing disruptions and causing inefficiencies in the Tax Collector's Office. I'll mention what some of them are. The real estate is under the new system now, but the motor vehicle excise/registration is not. So, there is two different systems going on right now which means that if somebody comes in to make a real estate tax bill payment as well as pay for their motor vehicle registration, they have to write two checks, they can't write one check because there has to be two separate cash outs that happen because there's two separate systems going on; that complicates things, it kind of doubles the amount of work that each of the clerks have to do at the end of the day to do their cash outs of the monies that are in their cash registers. Relating to that, the automobile registration system is not tied into their cash register system which means they have to keep their cash drawers open all day, they can't shut them because when they receive payments for motor vehicles they wouldn't open, so the cash register drawers are kept open during the course of the day, they're just left ajar. It's not a good control, it kind of defeats the purpose of the cash register system.

Mayor Baines asked have you participated in any review of any other cities/municipalities that have done a conversion this way.

Mr. Biron replied several yes, particularly year 2000 issues. There are learning curves, there are always problems with the computer conversion. The Tax Collector is the department that is going through it right now.

Mayor Baines asked isn't it common to do simultaneous maintenance of old systems before you go into...

Mr. Biron interjected parallel, yes.

Mayor Baines stated our transition team was very concerned about that and pointed that out as a major issue for us to monitor and look at. But, I find that highly unusual that we've gone through a major conversion of that nature and not had a parallel backup to prevent those types of things from occurring that you're just pointing out. Am I in line with that.

Mr. Biron replied yes, you are. Running a parallel system definitely would identify the problems in the new system and not cause major disruptions because you'd still have the old system that you can rely on.

Mayor Baines asked could anybody in City government...I don't want to put anybody on the spot, but I guess I'm doing it because it's coming out as a report here...why that occurred. Can anybody give me some history in terms of that, Mr. Clougherty or anybody.

Mr. Clougherty replied the systems for the City are run through the Information Systems Department and it's run with a committee of department heads that serve as an Advisory Committee and they run a plan to try and deal with the computer systems for the City and you sit on that committee, as well. The plans are developed at Information Systems and the departments are users. In developing these parallel systems one of the problems the City encountered and we talked about quite a while ago with the Board was that none of the systems that were in place and we had separate systems for School and for payroll and for a number of different things, we're Y2K compatible and there were going to be problems, so to some extent the City didn't have the luxury to move into the parallel systems to the extent that I think everybody would have been comfortable doing.

Mayor Baines stated I thought the explanation was in order because I think people hearing that type of thing in a business, if you will, dealing with millions of dollars and talking about a procedure with drawers left open and everything might warrant an explanation.

Mr. Biron stated some of the other issues still in the Tax Collector's Office...in the Tax Collector's Office under the new system they have been unable to generate a report at the end of the day that we typically call a distribution report which would summarize the receipts for the day so that it would be a tally basically of all of the current year with the State receipts and what the interest and penalties collected for that day were...basically, a summary of the postings that would wind up going to the system. Because that report hasn't been generated the clerks have

had to use adding machine tapes to calculate their days receipts and that a very inefficient process and it tends to defeat the purpose of having an automated system. There are also some programming bugs that were identified in that certain receipts that were being posted in the Tax Collector's Office were not being integrated into the General Ledger which is being maintained in the City Finance Office, so not only the receipts that are actually coming in and being paid, although they're being credited to the right taxpayer accounts in the Tax Collector's Office aren't flowing to the City's Finance Office, the Cash Account for unknown reasons as this point. So, that's one of the things that's still being looked into to identify the cause and the resolution. Lastly, relating to this the Tax Collector's Office does maintain excel spreadsheets to track the activity of postings to the various receivable accounts. Excel spreadsheets are very important in order for them to be able to keep track of everything that is happening that would affect a particular tax levy and those spreadsheets should be used in order to reconcile to what the HTE system's actually showing. But, because of all of the time constraints in doing a lot of the tedious work that they're doing right now because of some of the problems they haven't been able to do those reconciliations. So, we're hoping that they can get those reconciliations done so that the numbers in the HTE system in the Tax Collector's Office can be proven internally within the Tax Collector's Office and then ultimately proven to the numbers that are flowing to the General Ledger system upstairs.

Alderman Vaillancourt asked could you "ballpark" quantify how much these bullets, how many person hours these bullets...I'm particularly concerned with bullets one and three are costing the City. I don't expect you to be able to give an exact figure, but how many person hours per week, for example.

Mr. Biron replied I don't think it's actually costing extra dollars because I don't think people are being paid overtime right now to correct them and I don't think there's new personnel being hired to take care of it. It is putting a lot of strain on the personnel you have right now, though. I don't think there's any lost dollars. There is the risk though of inappropriate activity occurring because reconciliation's aren't happening. The likelihood of that happening is remote.

Alderman Vaillancourt stated that's why my question wasn't to quantify dollars, but to quantify the time that this is taking. How much time per week then we could extrapolate and decide whether the hours could have been spent doing something else.

Mr. Biron replied I think the Tax Collector could answer that question better than I could.

Mayor Baines stated we could refer those questions later on.

Alderman Clancy asked are there any departments right now that are not on the HTE system.

Mr. Biron replied I believe the Building Inspector is going on right now. I'm not sure who else is out there. I think some of the key financial, all the key financial departments are on right now: payroll and the vendor disbursements, the receipts, the Tax Collector, the utility bills.

Alderman Shea stated in your little brief statement you recommended that steps be taken to address these specific issues and reestablish formal and timely reconciliation procedures within the Tax Collector's Office. Are you placing the burden on the Tax Collector, in this case, or are you saying that somebody within City government should quarterback this procedure.

Mr. Biron replied the problem is in the Tax Collector's Office right now. It's a Tax Collector's Office personnel that has the burden of dealing with it, right now. They're working with Information Systems who is trying to get some corrections from HTE.

Alderman Shea stated so it's what you're recommending when you say "step", you're saying that people involved with different departments connected to the HTE system as well as we'll say the Finance Office, so it sort of involves two or three different types of procedures.

Alderman Levasseur in reference to page 10.

Mr. Biron stated I'll be getting there. I'm going step-by-step. The next issue number 3 is reconciling the CIP which is the Capital Improvement Program and CDBG (Community Development Block Grant) accounts. Those are tracked right now in the City's Special Revenue and Capital Project Funds and there are a large number of those accounts. I'm guessing in the neighborhood of 100 to 120 of those accounts. Those are also managed by the City Planning Office and they track all of those on elaborate spreadsheets so that they can do drawdowns properly particularly for the CDBG funds. At year end June 30, 1999 there was no reconciliation procedures that were done between the Planning Office and the City Finance Office. There are two parallel systems running there, but there was no reconciliation done of the two to make sure that the records are correct in both departments. So, our recommendation is that going forward that procedures be set up so that they can reconcile between the two departments just to assure that both departments are reporting the right information. The next couple of issues which are the last two years issues deal with receivables. These are non-tax receivables which are the various departmental and grant receivables. We had difficulty in this year's audit because there were no receivable reports that were printed on June 30, 1999, the date that we had to do our audit. One of the issues with the HTE system for certain reports is that if you don't print them on that day, you can't print them again for that day. So, if those reports weren't printed on June 30th after all of the postings to June 30th were made, two months later you can't print a report as of June 30th and that's the difficulty we ran across this year. So, the recommendation is just to make sure that the Information Systems Department is aware of all of the reports that are necessary at year-end that have to be printed as of that date.

Mayor Baines asked how long have we been using this HTE system.

Mr. Biron replied two-and-a-half years. The next issue again dealing with the receivables...the receivables and the receipts for the City, under the new system, are handled very decentralized. Departments receive receipts for various departmental receivables actually do the postings to the

system themselves. That means there are a lot of people doing this, a lot of different departments are doing it. What we found is that they made some posting errors. Although they posted things to the right customer they might not have credited the right bill for the receipts that came in. So, as a result when you look at receivable reports you see a lot of old receivables and not a lot of current receivables because as the receipts are coming in they're being applied against the wrong invoices. So, the recommendation here is that to make sure that the departments get whatever additional training they need so that they can do the posting properly so that they are crediting the right invoices for their accounts. Now, we get into prior year comments, a follow-up on prior year comments.

Alderman O'Neil asked is there a target date where HTE is going to be 100%.

Mr. Clougherty replied there's different modules. The emphasis center which is the General Ledger and that is working and that is functioning, I think, the gentlemen would agree that that information is what Finance is relying on to produce reports. You have other modules coming in from different departments like the Tax Collector's bringing in a new module, there's a new module coming on for some of these other things with Building. The plan that was laid out by Info Systems is a multi-year plan and we're going to have to work through that to bring on all those other modules. I don't have tonight what the schedule is for that but I could get it for you.

Alderman O'Neil interjected, Kevin, this goes beyond modules. This system has still not been great for the City of Manchester, have we paid for this entirely.

Mr. Clougherty replied it is my understanding that she is still sitting on the Performance Bond, I've asked her to do that.

Alderman O'Neil asked can we get an update as to what a target date would be, I'm talking about the basic service that HTE is suppose to provide.

Mr. Clougherty replied okay.

Mayor Baines stated you can proceed and I'd like to reserve some comments about that at the end of your report.

Mr. Biron stated the first of the prior year Management Letter comments deals with the monitoring the 1998 Airport bonds. We mentioned in last year's Management Letter that as a result of the \$125 million bonds that were issued in 1998 for the Airport there are a number of covenants and a number of specific bank accounts that have to be maintained for various reserves to guarantee that the money will be there in order to make the repayments. A year ago we had observed that the accounts for that hadn't been set up yet in the General Ledger system, but they have been now. In fiscal year 1999 those accounts have been set up. But, the covenants haven't been monitored very closely to make sure that the right amount of money is going into those bank accounts in a timely manner in order to make sure that you're complying

with those covenants. Our recommendation is to keep a close eye on both those covenants to make sure that the money's in the right buckets of money, the right amounts are in there and also that the proper amounts are being drawdown out of this bond money.

Alderman Shea asked who's responsibility is this. Do you know or...

Mr. Biron replied I think the primary responsibility would be at the Airport.

Alderman Shea stated it would be the Airport that monitors their own monitoration.

Mr. Biron stated and then the Finance would be monitoring them.

Alderman Shea stated so, the Finance Department should monitor what the Airport is doing, is that correct.

Mr. Biron replied that is correct.

Alderman Shea stated so, the responsibility is two-fold: (a) is the Airport and (b) is the Finance Office and no monitoring is being done to the satisfaction of your standards of auditing, is that correct.

Mr. Biron replied in fiscal '99 correct. The next issue deals with formalizing certain administrative regulations. This is a comment we've repeated, I think this is the third year now. The City doesn't have documented administrative regulations or conflict of interest policies for its employees and department heads. Now, there is a Code of Ordinances, but that tends to be very general issues and it doesn't get into a lot of specific procedures that departments are suppose to be following. Now, we raised this issue back a couple of years ago for the first time as a result of problems that there were relating to overtime; that there didn't seem to be consistent policies in the City's Ordinances to deal with overtime situations for its employees. As a result, we raised this issue that that would be one of the administrative issues that should be discussed in this document. Something for the departments to follow so that everybody's handling the issue such as that consistently. Other areas would be the use of computers and the Internet, E-mail, petty cash, grant maintenance as well as the whole accounting system right now which under the new system is very decentralized. All of the departments now are doing the data input that years back used to all be done in the Finance Office. So, they all need to have structured procedures to make sure that they are all handling things in a consistent manner.

Alderman O'Neil asked, Frank, do you have a specific list of recommendations with regards to this item. You just named five or six of them.

Mr. Biron replied that's some and we have other clients that do have these policies and it's something that could be provided to the City to use as an example.

Alderman O'Neil asked could you do that, we'd appreciate that, thank you.

Mr. Biron continued by stating similarly with the conflict of interest the whole point of that is to make sure that there are no City employees who can misuse their position for personal gain. To come up with recommendations there to make sure that the duties are segregated properly amongst the employees and issues such as accepting gifts and not accepting gifts...what's the right policies that you should be doing to follow through with that.

Mayor Baines stated you said "we again recommend"...these have been lingering issues.

Mr. Biron reiterated this is the third year.

Alderman Hirschmann moved that Item 7 [Formalize Administrative Regulations] of the Management Letter be referred to the Committee on Administration/ Information Systems. Alderman Clancy duly seconded the motion.

Alderman Levasseur asked do we have an Employee Handbook for everybody that works in this place.

Mayor Baines replied there is, but I think there's an absence of policies and procedures that these people have been telling us for three years that need to be in place and I think that it's appropriate that it goes to that committee. But, some of those things are obviously not in there is what you're saying. We have it, but the things that you've been recommending for three years in a row have not been addressed, correct.

Mr. Biron stated a lot of those issues are new as of the last three years too. Particularly, with the way that the computer system is being handled right now.

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

Mr. Biron stated the next issue is similar [Revising the Finance Office's Policy and Procedure Manual]. They have a Policy and Procedure Manual, but it's outdated now because of the new computer system. Policies and procedures are totally different in that office now as to the way they were handled in the past. This is a repeat of a prior year comment. This is one I would not have expected to be completed over the last year because the Finance Office is still in the process of revising its policies. So, the policies have to be established before they can be documented, but I think we're at a point now that those policies have been established and that they should be documented.

Mr. Biron stated the next issue deals with [Resolving Computer Problems]. Now, in last year's Management Letter this is one of what we call the "reportable conditions", one of the more serious issues. Dealing with the computer conversion the HTE computer conversion we mentioned a number of areas a year ago where there were some serious problems. Now, most of

those have been worked out. One of them, though, is that the system is slow and it's still slow and we see City employees that are frustrated because of delays in the processing time and sometimes they have to wait hours to get reports generated.

Alderman Clancy asked which department are you referring to.

Mr. Biron replied throughout the City because it's a decentralized system now all of the departments have access to the system, so when they need to print out reports sometimes they have to wait...if there's something else going on such as the payroll processing that eats up a lot of the computer at that point then other people have to wait to get their reports.

Alderman Lopez asked wasn't there some money put in somewhere along the line to upgrade this, to boot it up, whatever the technology is to make HTE faster.

Mr. Clougherty replied there is, Alderman, and Info Systems is in the process of going forward and getting the computer properly sized. It's taking them some time because they wanted to make sure that if there was any chance to go back after the software company to share in that that they took that opportunity, they discussed that with the City Solicitor and myself and we agreed. But, that should be resolved in the next few weeks, I believe, is her schedule to get that upgraded. But, there is money there to take care of that.

Alderman Hirschmann moved to refer Item 8 [Revise Finance Policy and Procedure Manual] to the Committee on Administration/Information Systems. Alderman Wihby duly seconded the motion.

Alderman Vaillancourt stated to follow-up on Alderman Lopez's question...at the bottom of page 8, top of page 9...

Mayor Baines asked is this in the motion that's before us now, Alderman Vaillancourt.

Alderman Vaillancourt replied well, kind of. I just wanted to find out how much money the State provided for updating these.

Mayor Baines asked are you for or against the motion that is on the floor.

Alderman Vaillancourt replied if I found out how much the State provided, I might not need to do this, but there's a certain amount of money that's been provided. I'm wondering if we've spent it properly.

Mayor Baines stated there's a motion on the floor, I'd like people to address the motion on the floor.

Alderman Gatsas stated I certainly appreciate Alderman Hirschmann's moving it to committee, I would ask, Frank, do you have some guidelines out there for other cities that you can give us.

Mr. Biron asked are you talking about the Policy and Procedure Manual.

Alderman Gatsas replied correct.

Mr. Biron stated actually your City has a Policy and Procedure Manual right now.

Alderman Gatsas asked do you have "others" that you can provide to us that we can use or look at.

Mr. Biron replied yes.

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

Mr. Biron stated we're winding down, just a couple more issues here. Number 10 [Monitor Cash Deficit in Aggregation Fund]; that is what Scott discussed already when he was going through the financial statements. A year ago, we had mentioned that there was a cash shortfall in that fund of \$575,000 which resulted basically because there were expenses incurred in that program, however, no revenues generated yet. A year later now at June 30, 1999 the cash deficit is \$1.2 million. Now, of that there was a \$1 million hit to the General Fund fund balance because of the reserved fund balance that had to be set up because of Generally Accepted Accounting Principles. So, again, our recommendation is just that this Board monitor the operations of the Aggregation Fund just to make sure that that deficit doesn't get out-of-control.

Mayor Baines stated just as a point of clarification for the Board and the people listening that has been a subject of great debate here at the Aldermanic Board, but people need to understand that we have spent \$1.2 million of funds on this effort to date.

Alderman Shea stated proponents of this have indicated that it's not taxpayers money but, in essence, my judgment is it is taxpayers money because we don't have a golden goose that lays the golden egg. Somehow, we are using taxpayers money for this particular project. Am I correct or incorrect. Are we using or have we used taxpayers money.

Mr. Clougherty replied I think you are and it's been explained by the auditors, Alderman. The General Fund is advancing the dollars. There is a piece of legislation that's been introduced to allow the City to recapture that money that's being heard in the next couple of days, I believe, in Concord and once that's passed the City can start to recapture some of those dollars and put aside this problem.

Mayor Baines stated just a point of clarification...I don't think Senator D'Allesandro said the legislation was to recoup all of the money, it was a percentage...about \$10,000. So, we still

could be looking over a million dollars...I want to make it very clear over a million dollars has been spent on this project.

Alderman Pariseau stated I'd like to make a comment in that same vein, your Honor, that in hearing Senator D'Allesandro this evening state that currently municipalities can only get back \$10,000...we during our Aggregation discussions were never made aware of that and I was flabbergasted when Senator D'Allesandro stated that currently we only can get back \$10,000 and here we've spent \$1.2 million. I would seriously look at getting out of the Aggregation Program at this cost.

Mayor Baines stated at an appropriate time it might be time to consider something like that, certainly.

Alderman Gatsas stated, Kevin, maybe you can answer this question. Obviously, the \$1.2 million is a figure since June 30th.

Mr. Clougherty stated that is accumulated over a couple of years, Alderman.

Alderman Gatsas asked what do you think the amount is from June 30, 1999 to current, what additional funds.

Mr. Clougherty replied the last time that the Board met on that, Alderman, there were some questions and I believe that the Director of Public Works thought that it was going to be another \$70,000, but I will go back and get that number for you, I don't know exactly.

Mayor Baines stated just a question before we leave that because I'm sure it's raised some interesting conversations. Has this been mostly on lawyer's fees.

Mr. Clougherty replied to a large extent on consultant's, not just lawyers but engineers and engineering staff to present cases.

Mayor Baines asked do you know where the lawyers are located that we're using on this project.

Mr. Clougherty replied they're located in Minneapolis.

Mayor Baines stated so every time they come here we pay their expenses from Minneapolis and the fees associated with that.

Mr. Clougherty replied right.

Alderman Levasseur stated I'd like to be careful with the public on this because what you're hearing is a discussion among the Board, but you don't know what this is all about. You're just hearing that \$1.2 million is being spent and it's not clear where that money is being spent, but it

is being spent on a project that could bring in a lot of money into the City. So, what you're hearing among the Board, your Honor, I think we should move this to a committee where we can discuss this. This is Aggregation funds, the insinuation is that we're just blowing money on lawyers, this is something that could be very important and bring a lot of money into the City of Manchester. I think your leaving an impression that there's some tomfoolery going around and I don't think we should...

Mayor Baines interjected I disagree with that, but that's your opinion of what's being presented. We have a report that we're receiving information, it was an appropriate discussion and this has been the subject of other discussions in the past and will continue to be a source of discussion.

Alderman Shea moved that Item 10 [Monitor Cash Deficit in Aggregation Fund] to the Committee on Accounts, Enrollment and Revenue Administration. Alderman Lopez duly seconded the motion. There being none opposed, the motion carried.

Mr. Biron stated our last issue [Re-Establish Internal Audit Functions]...the Finance Office before going through the computer conversion had personnel in the office that were doing internal audits throughout the City. During the computer conversion because of the time element related to going through that conversion stopped. So, a year ago we made the recommendation that that begin again. It did begin, but we would like to see it done more wide scale across the whole City. Again, because of the issue that the accounting system in the City, the computerized system is a very de-centralized...each of the departments are doing their own data input for receipts and disbursements and there should be some internal audit done to make sure that the records are being maintained properly on the departmental level. There are other issues that could be looked into also such as payroll and the inventory as well as some employee reimbursements and credit card usage within the City.

Alderman Shea asked would you define the difference between the external and internal audit, so people will know what you're discussing please, thank you.

Mr. Biron replied we are the external auditors. Somebody that is not employees of the City, CPA firms such as ours perform an external audit. An internal audit is maybe less formal, it's done by City employees going around looking at other City departments to make sure that things are being done properly.

Alderman Shea stated so, you do an external audit by reviewing the figures given to you by the departments, but an internal audit would allow these departments to cross each other and to examine books that are really not ready to be...

Mr. Biron interjected no, not necessarily. The internal audit is very similar to the external audit, it's an extension of the audit and we come in once a year to do our audit. The internal auditors are here year round to monitor things to make sure things are being done properly.

Mayor Baines asked could you give some recommendations in terms of how that should be accomplished within City government. I would very much appreciate it if we could receive those.

Alderman Hirschmann stated I have just one question and it's not on the Management Letter, it goes back to the Annual Report. Is there an Airport fund that you're aware of called the "Manchester Regional Industrial Foundation" or anything like that. Is there any kind of an industrial fund that you're not reporting to this Board.

Mr. McIntire replied I know the entity and General Accepted Accounting Principles define the types of entities that exist, types of governments that would be reported as part of the primary government, the City of Manchester and by definition that particular entity that you're referring to does not meet the criteria for inclusion in this particular report.

Alderman Hirschmann stated I know that the Board of Directors of that fund are the Airport Authority Directors who we seat, so why aren't we being advised as to what's in that fund.

Mr. McIntire stated that is something that I would be more than happy to look into for you.

Alderman Hirschmann stated I would like an answer to that, your Honor. There's a fund out there that this Board is not aware of.

Mr. McIntire stated it may be something that you currently have other auditors looking at that entity.

Alderman Levasseur stated I would like to go back to the internal auditing. We used to do internal auditing ourselves in this system and you're saying that the Finance Department is now reinstituting it, are we going to have to hire more employees or is that something that can be done within their own departments or are we going to have to hire a bunch more people to work within to do internal auditing.

Mr. Biron replied the Finance Office, right now, has a full-time internal auditor.

Alderman Levasseur asked is each department going to have to have one of those.

Mr. Biron replied the way it's going to work right now, my understanding is it's going to be that person from the City Finance Office that's going to be going out to the various other departments to review their records.

Alderman Levasseur asked have we hired somebody for that, Mr. Clougherty, or are we going to do something with that.

Mr. Clougherty replied yes, we have. Those of you that sat on the Human Resources Committee during the last fiscal year you'll know that we tried to, with your help, get the position properly classified so that we could attract a CPA to do that and we have somebody on staff and he's doing that.

Alderman Levasseur stated that would be one person that will do all of those departments.

Mr. Clougherty replied there is a Manager and an Internal Auditor, so there's really two people that will be doing that function.

Alderman Gatsas stated, Frank, maybe you can help me out. I'm sure that there are different degrees of an audit. Maybe you can help me by telling me what those degrees are. Whether you're coming in and doing your own audit, whether you're being presented with paper to do the audit.

Mr. Biron replied the different types of audits that come to mind are financial audit, compliance audit like what we're doing here and I'll define that in a minute. There is also what's called performance audits where a CPA firm would go into a particular department to focus in on efficiencies and control only (policies, procedures, things like that) to make sure that things are being done in an efficient manner, the segregation of duties is right, looking at job descriptions, things like that just to make sure that things are operating in an efficient manner and there are also fraud investigations that will focus in on fraud issues to make sure inappropriate activities aren't occurring. The financial and compliance audit that we do...the purpose of it is to generate some financial statements in conformity with Generally Accepted Accounting Principles which is the Comprehensive Annual Financial Report that Scott went through before. As the auditors, we provide an opinion on those, we provide an opinion that they are in accordance with Generally Accepted Account Principles. So, we go through a number of tests and procedures to make sure that the numbers that are being reported in there are correct. We'll confirm cash balances and we'll look at the receivables reports to make sure that the numbers in here tie out. We also go through some federal compliance because the City receives substantial amounts of federal money that is required to have a single audit done of those programs. So, we go into a number of the federal programs and we make sure that all of the procedures and policies that the City's supposed to be following relating to spending that money is being done. That part of the audit is about ninety percent and hasn't been completed yet. There is going to be one more report that is going to be issued over the next month or so dealing with the federal compliance and that's called the single audit part of the audit.

Alderman Pinard moved to receive and file the FY1999 Management Letter and Comprehensive Annual Financial Report. Alderman Thibault duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines stated before we proceed just a couple of questions related to this...how much did we pay for this HTE system.

Mr. Clougherty replied several million, I can go back and get you the exact number.

Mayor Baines asked is it a bit unusual on a conversion that we would be dealing with something of this magnitude still having problems implementing it on a new system. What is your experience with that.

Mr. Clougherty replied as the auditors said there are learning curves in putting in these new systems and especially when you're adding modules and that's to be expected. My discussion with the auditors and you can perhaps ask is that they thought that this year's report was much improved over the prior years; that they thought that the recommendations that they were putting forward with respect to at least the central accounting system were minimized and we feel confident that the reports you were getting was accurate. There are some things that we're going to have to work with and as these modules are brought on-line and it's to be expected that the small departments are going to have some concerns and need some help there and I will get you the schedule along with the Director of Information Systems to tell you how those are going to come on-line and work with the auditors to give you a better handle as to how those things will be resolved, but they are to be expected.

Mayor Baines moved to the next item of business.

6. Communication from Alderman Lopez submitting his resignation as a member of the Fire Commission effective January 4, 2000 and a communication from Alderman Gatsas submitting his resignation as a member of the Water Works Commission effective January 4, 2000.

On motion of Alderman Clancy, duly seconded by Alderman Sysyn, it was voted to accept both resignations with regrets.

7. Communication from Ralph E. Garst submitting his resignation as a member of the Police Commission effective immediately.

On motion of Alderman Wihby, duly seconded by Alderman Pariseau, it was voted to accept Mr. Garst's resigning as a member of the Police Commission with regrets and that a certificate of appreciation be forwarded to him.

8. Communication from Mayor Baines advising of his appointments to the Planning Board as follows:  
Peter Capano as the Mayor's designee; and  
Ronald Ludwig as Ex Officio member.

Mayor Baines stated a list was distributed to the Board earlier advising of vacancies on boards and/or commissions and that they would be following the intent of the City Charter giving opportunities to the general public to apply for vacancies and I would hope that these might find their way into print so that people in the community who simply wish to offer themselves in service to our community can submit to the Mayor's Office a letter of interest stating interest in various boards or commissions and a brief resume where we'll do some internal screening of those recommendations and make my recommendations to the Board. For the public's information there are four upcoming vacancies on the Aviation Board, two representatives from Londonderry and two representatives from Manchester; the Board of Appeals has one opening; Fire Protection two and one vacancy presently...two coming up in May and one present vacancy; Highway - two present vacancies...we'll have two holdovers after today; the Manchester Development Corporation will have three vacancies come March and one vacancy present; Personnel Appeals...we'll have a vacancy in March; Planning in May and a Planning Alternate in May; Police Commission vacancy at the present time; the Board of Registrars, a vacancy will come due in May; Safety Review...three citizen representatives, one management representative, one labor representation; and Transit will have a vacancy coming in May; Water Works has a present vacancy; Zoning...two vacancies effective March 1st and a Zoning Alternate...vacancy as of March 1st and we would ask that those requests for service be submitted to the Mayor's Office and obviously there will be some situations where people who presently hold them that are asking for reappointment should follow the exact same procedure.

Alderman Levasseur asked can we advertise that on Channel 16.

Mayor Baines stated that's a good suggestion, we'll make sure they'll get on Channel 16 as well. We will definitely be advertising them.

- 10.** Communication from the City Clerk advising that the Board of Aldermen should appoint a representative to the Access Manchester Committee, term expiring January 2002.

Alderman Pariseau moved to nominate Alderman Levasseur. Alderman Hirschmann duly seconded the motion. There being none opposed, the motion carried.

- 11.** Mayor Baines advises that a motion is in order for the Board of Aldermen to choose two members to replace Alderman Shea and Alderman Gatsas on the Committee on Joint School Buildings.

Alderman Cashin moved that Aldermen Thibault and Levasseur be named as members on the Committee on Joint School Buildings. Alderman Wihby duly seconded the motion. There being none opposed, the motion carried.

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

Mayor Baines called the meeting back to order.

**OTHER BUSINESS**

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

"Amending the 1999 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred and Twenty Thousand Dollars (\$120,000) for the 1999 CIP# 610899 Webster House Renovations Program."

"Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of Six Thousand Dollars (\$6,000) for the 2000 CIP Project 710300 LED Replacement Program."

"Authorizing the Finance Officer to effect a transfer of Seven Thousand Five Hundred Dollars (\$7,500) in line item 0903 (Contingency) be transferred to the Alternative School Committee."

ought to pass and be Enrolled.

Alderman Thibault moved to accept, received and adopt the report of the Committee on Finance.

Alderman Clancy duly seconded the motion. There being none opposed, the motion carried.

15. Ordinances:

"Amending Sections 33.024, 33.025 and 33.026 (Conservationist) of the Code of Ordinances of the City of Manchester, NH."

"Amending the Zoning Ordinances of the City of Manchester by extending the B-3 (Highway Business) zoning district to include land of Manchester Executive Center Associates (TM 757, Lot 2A & 2B), currently zoned R-1B (One-family Residential) and having a total area of approximately 10 acres."

"Authorizing the Mayor to Dispose of Certain Tax Deeded Property Known as James Pollock Drive, Map 579, Lot 83."

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

These Ordinances having had their second reading by titles only, Alderman Wihby moved on passing same to be Enrolled. Alderman O'Neil duly seconded the motion. There being none opposed, the motion carried.

On motion of Alderman Clancy, duly seconded by Alderman Hirschmann, it was voted to recess the regular meeting to allow the Committee on Accounts, Enrollment and Revenue Administration to meet.

Mayor Baines called the meeting back to order.

- 18.** A report of the Committee on Accounts, Enrollment and Revenue Administration was presented advising that Ordinances:

"Amending Sections 33.024, 33.025 and 33.026 (Conservationist) of the Code of Ordinances of the City of Manchester, NH."

"Amending the Zoning Ordinances of the City of Manchester by extending the B-3 (Highway Business) zoning district to include land of Manchester Executive Center Associates (TM 757, Lot 2A & 2B), currently zoned R-1B (One-family Residential) and having a total area of approximately 10 acres."

"Authorizing the Mayor to Dispose of Certain Tax Deeded Property Known as James Pollock Drive, Map 579, Lot 83."

are properly enrolled.

Alderman Thibault moved to accept, receive and adopt the report of the Committee on Accounts, Enrollment and Revenue Administration. Alderman Levasseur duly seconded the motion. There being none opposed, the motion carried.

- 19.** Communication from the City Clerk requesting that the next regularly scheduled Board meeting be held on Wednesday, February 2, 2000 due to the Presidential Primary being held on Tuesday, February 1st.

Alderman Clancy moved to approve rescheduling of next Board meeting due to the Presidential Primary. Alderman Pariseau duly seconded the motion. There being none opposed, the motion carried.

- 20.** Communication from Deputy City Clerk advising of a suggested technical correction to address actions regarding TQM Training funds.

Alderman Pinard moved to rescind the action relating to adoption of a related Committee Report, to approve transfer of \$90,000 to the Human Resources training budget for the TQM training, and to request the Finance Officer to submit a resolution for adoption at the next meeting of the Board. Alderman Lopez duly seconded the motion.

Alderman Hirschmann asked where are the funds now, Mr. Clougherty.

Mr. Clougherty replied in Contingency.

Deputy Clerk Johnson stated at the last regular meeting of the Board there was a report of the Committee on Human Resources recommending that actually \$95,000 be appropriated for TQM Training. It was intended by the Committee to come out of an original \$189,000 that the Board had actually transferred a portion over back into Contingency. So, Contingency was increased, in essence, by \$125,000. When the Board acted to approve the \$95,000, I believe it was the intent of the Board to take it from that \$125,000 which was an original appropriation for

consulting services originally. In speaking with the Human Resources Director he stated that \$90,000, at this time, was sufficient. So, the recommendation is to transfer \$90,000 into that training line item and since the funds are now in Contingency that will require a resolution at the next meeting of the Board.

Alderman Lopez stated I talked to the Director in reference to this and I was at this meeting when the Board of Mayor and Aldermen did authorize and I was informed by the City Clerk that this was just a technical aspect of it. But, if somebody goes back will find that the Board did authorize the \$90,000. I think the previous Chairman, Alderman Wihby, is shaking his head...this is my recollection.

Alderman Shea stated I believe that initially there was a request for \$189,000 for training.

Deputy Clerk Johnson stated originally \$189,000 actually was for something different than what this is being appropriated for.

Alderman Shea stated that was to be conducted by the Director of someone from the Yarger Decker study in order to do that and...

Deputy Clerk Johnson interjected the Board had transferred \$125,000...the balance of that \$189,000, in essence, was Enterprise fund monies that was...the Enterprise accounts were going to contribute to that original consultant proposal. The \$125,000 was physically taken out of Human Resources and put into Contingency and that's where the confusion lies because I believe the Human Resources Committee, when they acted to make the recommendation was led to believe that the money was still in HR in a different account, but it wasn't. It was in Contingency.

Alderman Shea asked if we were to remove \$90,000 from Contingency, how much would we have left.

Mr. Clougherty replied approximately \$200,000.

Mayor Baines stated it is my understanding that this is where the money was originally supposed to be by the intent of the Board, am I correct in that. We're just returning it to where it was originally budgeted.

Deputy Clerk Johnson replied that is correct.

Alderman Hirschmann asked which consultants get this money, your Honor.

Mr. Tawney replied we're having the University of New Hampshire @ Manchester has been conducting the training for us on Total Quality Management and it's being spent locally.

Alderman Hirschmann stated we have a Total Quality Management Team that Frank Thomas was the Chairman of. Now, we have administrator's that manage our departments that are paid \$80,000 apiece. Why can't these people sit down with all their staff and do this as a seminar themselves. Why do we spend ninety more thousand.

Alderman Levasseur asked is every department going to come to us for TQM.

Mayor Baines stated let me explain. I have participated in some of the initial sessions in which the people from departments from across the City have been involved and the concept is...it was a reaction, I think, to some of the objections if I remember right by going to an outside consultant to come in and study ways to make government more efficient and more effective. This is a process to enable our own people within our departments to come together to grapple with the issues of how to make our government function more efficiently and more effectively without going a firm half way across the country allowing our people to do it ourselves which is where this money is being spent and we will monitor that money and money will be returned to Contingency that will not be spent, but I believe that it is an effective process and one this Board has committed itself to.

Mayor Baines called for a vote on the motion. The motion carried with Aldermen Levasseur and Hirschmann duly recorded in opposition.

21. Communications from the Deputy City Solicitor submitting descriptions of the Aldermanic Committee on Community Improvement and Committee on Lands & Buildings.

Alderman Wihby moved to replace action taken April 16, 1996 relative to the CIP Committee by establishing Committee descriptions as stated herein.

Committee on Community Improvement

The Committee on Community Improvement shall have jurisdiction over policy regarding vehicle maintenance and purchases, public works functions and services and programs funded by the federal and state governments and such other matters as may be referred by the Board of Mayor and Aldermen. The Committee shall review all such referrals and where required, after due and careful consideration, shall report back to the Board of Mayor and Aldermen.

Committee on Lands and Buildings

The Committee on Lands and Buildings shall have jurisdiction over policy regarding City lands and all City buildings, with the exception of lands and schoolhouses under jurisdiction of the Board of School Committee, and such other matters as may be referred by the Board of Mayor and Aldermen. The committee shall review all such referrals and where required, after due and careful consideration, shall report back to the Board of Mayor and Aldermen.

Alderman Cashin duly seconded the motion. There being none opposed, the motion carried.

22. Mayor Baines requests that representatives from Pricewaterhouse Coopers, LLP make a presentation relative to their findings regarding the Civic Center project.

Mayor Baines stated a lot of people have come for the next part of our discussion and we certainly will not disappoint you. However, I need to advise the members of the public assembled and the Board that we received...I only received this during the meeting tonight, the report from the banks relative to the financing of the Civic Center. I've been in office for a couple of weeks and eagerly awaiting this report to have the opportunity to study and deliberate and analyze it and we just got it tonight and it's a 15 page report. With respect to the Board at this time, I am going to recess this meeting for 15 minutes to give us an opportunity to read this report and then we will come back in 15 minutes and then I'll get direction from the Board on how to proceed.

Mayor Baines called the meeting back to order.

Mayor Baines stated I would just like to make a statement before we proceed. When you're on live television you have the ability to receive instant feedback from the community and there are people out there in TV land who are requesting that the Aldermen speak into their microphones when appropriate. As many of you know, taking over this awesome office with the tremendous responsibilities before me in considering a project of this magnitude and trying to do what was responsible while also respecting the various institutions and the people involved in bringing this project forward in this community over a period of years, I felt it was appropriate to ask for a third party independent review of all aspects of this project. Therefore, at this request we contracted with Pricewaterhouse Coopers to provide us with information that would help the Aldermen come to a decision and also to reassure people in the community that truly government had exercised due diligence regarding this entire project. And, I would just like to say publicly in terms of this whole process and specifically there are tremendous people in this community that have been maligned in various ways for their work on their behalf and my association with them would reaffirm the fact that these people have been conscientious in their approach to this issue that have brought forward arguments and proposals that they feel in their own hearts were the right thing for the City and so I think that needs to be said right up front because this has been an object to significant debate needless to say in this community and in this office and I can honestly tell you that today has perhaps been one of the most difficult days that I have spent in some time just trying to find out where we were going to be this evening and I think I have some kind of an inclination now, however, I think it would be best at this point in time to turn the proceedings over to Pricewaterhouse Coopers to make their presentation and then allow the members of the Board of Mayor and Aldermen to ask specific questions about the due diligence that they performed on behalf of the City and my personal request so, Mr. Clougherty, could you introduce at this time the representatives from Pricewaterhouse Coopers.

Mr. Clougherty stated with us tonight are Andy MacWilliam and David Frye. They are here at the request of the Mayor to explain the report that hopefully all of the Aldermen have received and they will walk you through the report and take questions.

Mayor Baines asked have members of the audience been provided with copies of this report, could we do this at this time while they proceed so people can follow along, could that be possible.

My name is Andy MacWilliam, I am a partner with Pricewaterhouse Coopers in Boston. To my right here is David Frye who is a Manager in our Sports Convention and Leisure Practice and as the Mayor indicated we are here this evening to discuss with you the results of our report and related findings on the Civic Center project. First of all, I wanted to thank all of you for the opportunity for having us here this evening to discuss our report. I'm going to turn it over to David here very shortly to walk you through the report. I assume that everyone does have a copy in front of them and at any time we would be glad to take any questions that you may have as we go through each of the individual items. So, with that I will turn it over to David who was the project leader with respect to this engagement.

Mr. Frye stated thank you, it's a pleasure to be here this evening. Again, my name is David Frye. I'm a Manager within Pricewaterhouse Coopers Sports Convention Leisure Practice. I work solely on projects similar in nature to this one. We've worked on similar arena projects in West Valley City, Utah for the E Center which was built for the Olympic Games which will be held in Salt Lake. We've done a similar project in Prospect Heights, Illinois; another one in Aurora, Illinois; have been involved with a similar 10,000 seat arena in Boca Raton, Florida and so we feel that we have the requisite knowledge and experience to provide guidance and to perform the procedures that we were asked to perform. Initially, we were approached by the City Financial Officer in early December to perform limited procedures with respect to (a) the prospective team owner's financial standing and ability to meet the rent guarantee as well as to review their operating pro formas and operating cash flows and to see if the underlying assumptions were within industry norms and basically AHL League averages. Subsequent to that in mid-December we were asked to expand our scope and revise it to provide some due diligence with respect to the 12 requisites as outlined by the Board of Mayor and Aldermen so our procedures in that regard consisted of reviewing the documents that had been provided to us, discussions with various project stakeholders and recalculation of various debt coverages and project thresholds that were outlined in the 12 requisites. With that, I guess I'd just like to go through and flip through our report at this point in time. Page 1 really outlines everything I've just explained to you, so I'd really like to start on page 2 of 15 and we'll walk through the 12 requisites as outlined by the Board of Mayor and Aldermen starting with [Property Taxes]. No property taxes will be used to construct or operate the MCC which was a requisite. Based on the financing plan that we have reviewed and I guess at this point let me just back up real quickly too. All of the documents that we reviewed as part of this analysis are unsigned and so anything or any conclusions that we've reached in reviewing these documents are certainly subject to change if the underlying documents change themselves when they're ultimately signed and executed by the parties. So, the financing plan that was in place basically does not call for the use of any property taxes, the bonds in the amount of \$49.9 million will be backed by incremental Meals & Rooms Tax revenue and the remaining project costs will be funded from private sources. The only real caveat to that is with respect to capital expenditures in the event

that capital expenditures would exceed any amounts that will be placed in the Capital Improvement Program fund, I guess there can be no guarantees at that point that other City funds wouldn't be needed to fund those capital improvements. But, again, that's something that certainly lies within the City's control and there's nothing in the documents that would lead you to believe that property taxes be needed for capital improvements and then as far as operating costs per the agreement with Ogden Entertainment, Inc. they are responsible for operating costs of the facility and we'll get into their agreement later on in another requisite. According to the Lease Agreement between the City and the Manchester Housing and Redevelopment Authority the City will own the MCC and then the MCC will be subleased from the Authority to Ogden Entertainment, a private facility management company. In our mind, the City ownership of the MCC meets the requirement of the Board of Mayor and Aldermen. The City contribution limit, the requirement was that the City will contribute a maximum of 80 percent of capital costs from the Rooms & Meals Tax monies...insured bonds back by these monies. The City through the Authority will contribute, as mentioned previously, \$49.9 million of the project costs through the issuance of the 2000 Series A and Series B Capital Appreciation Bonds to be repaid by the City from the Rooms & Meals Tax. In addition, the City will contribute \$3.4 million from incremental monies already received from this tax. In total then, the City's contribution would be \$53.4 million and if you flip over to page 4 we have a preliminary public sources, private sources and a uses of fund...if you recalculate the ratio of the private or of the public sources to the total uses of funds or the total project costs the amount of 76 percent which is less than the 80 percent requirement. The fourth requirement [Rooms & Meals Tax Exempt Insured Bonds] shall not exceed \$50 million. Again, as shown in the table above as it stands right now based on the preliminary official statement that \$49.9 million will be issued in bonds that will be backed by the Rooms & Meals Tax and, therefore, meets the Board of Mayor and Aldermen's requirement. The [Debt Service Coverage Ratio], the requisite was to provide a 30 percent coverage. Flipping to page 5 of 15 we provide a schedule from 2001 to 2010 which shows the net debt payment and the incremental Rooms & Meals Tax that would be collected. This was provided by William Hough & Company. As shown, the recalculated debt coverage ratio is at \$1.3 or exceeds \$1.3 throughout that 10-year period. After that 10-year period the debt coverage ratio increases gradually each year thereafter to approximately \$2.2 in the year the bonds are retired. And, again, the level of debt coverage meets the Board of Mayor and Aldermen requirement that the debt service is structured to provide at least a 30 percent coverage. The sixth requirement [that private businesses will invest a minimum of 20%] is analogous to requirement #3 [that no more than 80% of the capital costs will come from public sources]. Again, we recalculated and reshaped the chart where 23.9% would be coming from private sources which is made up of the bank loan, interest income on the proceeds of the bonds and other monies received during the construction period, landowner contribution, Wall of Fame Plaza and float proceeds for a total of \$16.8 million and again that calculates to 23% which exceeds the 20% as outlined by the Board of Mayor and Aldermen requirements. [Operating guarantees] that Ogden will guarantee the City against any operating deficits or prohibit any general fund appropriations. Based on the Management Agreement between Ogden and the City, Ogden has guaranteed to the City that it will assume full financial responsibility for any net operating loss subject to several conditions. Ideally, we would have liked for the project to

be at a stage where we could test that these conditions were met but some of these deal with events are yet to occur such as successful project financing and all of the documents to be executed. I don't know if it's really necessary to go through each one of these requirements that's outlined in the Management Agreement between Ogden and the City, but if these requirements are met the Agreement provides for Ogden to guarantee to the City that they will cover any operating losses. One point, I guess the one thing that we should point out that is a requirement and it relates to parking and its on page 7 of 15, it's the third bullet down -- that the City will compensate Ogden as operating revenue for parking revenues based upon the following formula which is basically turnstyle attendance divided by an average of three people per car, not to exceed two thousand cars multiplied by the average parking rate which, in no event, will be less than \$3.00 and then multiplied by 80%. We received today a report prepared by Desmond & Associates which kind of goes through an analysis of how many cars would be parked in public and private lots and on the street. We have not had a chance to go through that report in detail, we would be happy to review that report and to provide commentary at a later date, if needed. The issue related to parking is again one that we view that the City can control either by signage or other means to get people to park in City controlled lots and, therefore, be able to provide this money through Ogden per the agreement. But, again, we have not had a chance to review in detail the estimate of private parking and public parking as estimated by Desmond Associates at this time. The next requirement deals with [construction risk] and that will be assumed by the construction manager pursuant to the agreement between the owner and construction manager is also the constructor certain risks have been assumed by the construction manager, Gilbane Building Company. Specific requirements of the construction manager include the purchase and maintenance of insurance as set forth in Article 11.1 of the AIA 201 General Conditions and causing the owner and architect to be additional insured parties on all liability policies related to the work. And then the construction manager is also required to have all sub-contractors carry acceptable insurance as well. In addition to the standard insurance coverage the construction manager and this would relate to any assuming risk related to cost overruns, the construction manager is provided a guaranteed maximum price for hard construction costs of the building. In a letter we reviewed dated December 17, 1999 that GNP was stated at \$43.9 million which includes construction management services, construction management's fee and a contingency. The next requirement [sharing a facility net cash flow], the requirement that the City and Ogden will share excess facility cash flow and again based on the Management Agreement between the City and Ogden any net operating income, if any, will be shared between the City and Ogden after satisfaction of various payments for management fees, debt service and any funds allocated to the Capital Improvement Program funds. The syndicate of banks providing the \$11.9 million loan will, well, basically the next three paragraphs really relate to the flow of funds and how things are paid and again based on the Management Agreement between the City and Ogden net cash flow after those sources will be shared between the City and Ogden. On page 9 of 15 the next requirement relating to [non-recourse] the taxpayers...again, with the exception of the Capital Improvement fund that we've already talked about and the parking issue which we've really raised the Series 2000 Bonds are limited obligations of the Authority, the Bonds have no security interest, mortgage or any other interest in the MCC to secure the obligations of the Authority. The interest in the Authority and

the City in the MCC have been pledged and assigned to the bank as the credit provider. In the event of default by the Authority the bank may foreclose on its security instruments with respect to the MCC, take control of the MCC and convey its interest into the MCC to another party other than the Authority. As such, debt service payments associated with the Series 2000 Bonds will be non-recourse to the taxpayers. With respect to any operations Ogden Operations again as mentioned previously through the Management Agreement with the City will assume full financial responsibility for any net operating loss subject to the conditions listed previously. Assuming these conditions are met and the Management Agreement is not terminated for various reasons as stipulated in the Agreement, the operations of the MCC will be non-recourse to the taxpayers. In the event that the Management Agreement is terminated the City will have the option, at its discretion, to assume responsibility to operate the MCC. Should such an instance occur no assurances can be made that the taxpayer's money will not be used to subsidize MCC operations if that course of action is taken. Now, should the City decide not to assume responsibility to operate the MCC the lender would ultimately gain control of the arena and assume operating responsibilities and in such case no taxpayer monies would be used to subsidize MCC operations. The next requirement [insurance commitment on Rooms & Meals Tax bonds]...the payment of principle and interest on the Series 2000 Bonds on documents that we've reviewed will be insured by a bond insurance policy to be issued by American Capital Access Insurance or ACA. In the event the Authority fails to make payments of the principle and interest on the bonds any owner of the bonds should have recourse against the insurer for such payments subject to certain conditions. The [private financing underwriting commitment] I think really relates to the document that many of you received this evening. The previous document that we reviewed was a loan of approximately \$11.9 million to the Authority which is being committed by the syndicate of banks including Citizens Bank, Bank of New Hampshire, Fleet Bank, Key Bank and the loan is anticipated to be funded through operating cash flows of the MCC. And, that really takes us through the 12 requirements of the Board of Mayor and Aldermen. In our view, those requirements have been met based on the documents that we've reviewed and the procedures that we've performed up to the point in time. The next part of our report on page 10 really deals with our initial phase where we were originally hired to do which was to look at the analysis of team operating projections and to provide commentary on the team owner of Manchester Hockey LP...their financial standing. Three-year operating projections prepared by Manchester Hockey Group LLC were analyzed. We basically reviewed the underlying attendance ticket prices, concessions, advertising, suite and club seat inventory and pricing...basically, all of the underlying assumptions and not just the numbers in detail. We were asked initially to review an opening balance sheet. At this time, one has not been provided to us so we have not been able to review it. At this point in time of where we are in the project it's not necessarily unusual not to have an opening balance sheet with so many uncertainties. Based on the projections that we reviewed by Manchester Hockey Group LLC, it appears that the franchise will generate sufficient revenue, after the deduction of the operating expenses to generate a coverage ratio of approximately 3.8 as shown in the table at the top of page 11. As part of this analysis, we also took it one step further and performed a sensitivity analysis on some of the key financial operating statement line items. Because ticket revenue represented the largest portion of team projected revenues nearly two-thirds the total revenue. Sensitivity

analyses were performed on attendance and ticket price assumptions. On page 11, halfway down we go through our attendance sensitivity analysis. You'll see at the bottom half of the page the team assumption is attendance of 6,000 and thirty which would generate income before rent of \$955,000. Rent with attendance at that level would generate would be \$249,380 again, providing the rent coverage of 3.8. If you were to adjust the attendance to the AHL just under 5,500 operating income before rent would be \$659,000. The rent guarantee would be calculated at \$223,000 and the coverage ratio would then be 3.0. If we were to take attendance to a breakeven scenario where they would have enough money left over to cover rent and all of their other operating expenses. The attendance would be 4,576 which is roughly 76 percent of the attendance that is projected by the team. Again, this sensitivity analysis for attendance and ticket price and operating expenses assumes that all other variables remain the same. So, when we adjust attendance we're holding ticket pricing and everything else constant and all operating costs constant and it really kind of gets difficult to start adjusting more than one variable at a time that you really start getting misleading results when you're looking at the coverage ratio because it's hard really to pinpoint which one is causing it to drop. So, we'd like to adjust one variable at a time which we've done with attendance on page 11. On page 12, the middle of the page, we get into the ticket prices. Backing up to attendance, one thing we would like to point out...in our opinion, based on our knowledge of other AHL team operations and attendance the attendance that the team owners have projected we feel is good for maybe the first two or three years, it may be a little aggressive over a 15-year term or a longer term where it's likely to stabilize at a level that's a little bit lower than what you're going to achieve in the first two years. Again, I don't think it certainly won't drop below, in our view, below the level that would be required to cover the rent payment. Ticket prices on...it starts in the middle of the page on page 12...the team assumption is that weighted average ticket prices of \$11.90...that includes general admission and club seat ticket prices...again, at that level the rent coverage ratio is 3.8. If we were to reduce ticket prices to 85% of those levels the coverage ratio would drop to 2.6 with operating income before rent of approximately \$557,000 with a rent payment of a little over \$211,000. If we were to adjust ticket prices where it would be a breakeven scenario the weighted average ticket price would have to be reduced to \$8.51 which is approximately 72% of the weighted average ticket price projected by the team. A review of AHL ticket prices indicate that the ticket prices projected by the Manchester Hockey Group appear reasonable considering cost-of-living adjustments and inflation associated with 2001 year projections. The third sensitivity analysis we performed was on team expenses. Again, these were looked at in total. Looking at operating expenses projected by the team again, generates the rink coverage ratio of 3.8. If we were to increase those expenses by 10 percent or 110% of what the team forecasted or projected we would be looking at a rink coverage ratio of 2.5 and if we were to increase expenses to the point where it would be a breakeven scenario in terms of making their rent payment, operating expenses would have to increase 22% over the projected levels as shown by the team. The last piece of our study focused on the analysis of team owner financial standing...really, the task that we were to perform in this phase included reviewing unaudited personal financial statements and federal tax returns submitted by team owners and verifying, when possible, liquid asset account balances. Based on these procedures we were unable to verify liquid asset account balances in amounts sufficient to cover two years of guaranteed rent

payments, but based on our analysis of their unaudited financial statements and federal tax returns, the personnel net worth and historical income levels of Mr. Baldwin appears sufficient to cover two years of guaranteed rent payments. We have, up until this morning continued efforts to verify some of the liquid asset account balances, but have been unable to. And, that really takes us through our report. We'd be happy to answer any questions at this time.

Mayor Baines stated I'd like to lead off with a question at this time and ask for some clarification. I spent a considerable amount of time this morning talking with some of the key people involved with the banking aspect of this and they talked that this was...just the fact that we received this at the last minute tonight, this has been a long and arduous and very complicated process for the banks to decide that \$11.9 million was a reasonable loan to this project and I also want to stress that they were very clear that they do not consider this investment, they consider this a loan. So, my question to you is in looking at the parameter which talked about 20 percent private investment when the banks themselves call it a loan how do you reconcile that as meeting the parameter. A lot of people have that question, including the Mayor. Could you try to answer that for me, please, since the banks are calling it a loan.

Mr. Frye replied in the bank's perspective it is a loan. We are looking at it from the project though the source of repayment of that loan is going to come from private sources which is basically the operation of the facility and any cash flow that will be generated by the facility. It is going to be generated by private sources such as the AHL team and other events that will come in here that will generate those cash flows and we typically, oftentimes, in other projects, for example, the City may issues bonds...the City will be used as a conduit to issue bonds such as Revenue Bonds which will be repaid from private sources such as the operation of an arena or a stadium. We typically look at the source of repayment whether it's a public tax or if it's a private source of money in classifications of whether it's a public or private classification, if that makes sense.

Mayor Baines stated I just wanted to point it out because it's an area of concern and deliberation. But, they made it very clear that the due diligence that they performed related to determining whether this was a worthwhile loan, the City was to ensure that they would get their return on their loan. They're not in the business of giving money away and they gave the analogy, if we were doing that we would have passed a hat and given the City a bucket of money and the general perception in the community and with myself is if I invest money then I am risking my money and the banks made it very clear that they do not feel that they're risking their money and I don't know if you want to follow-up.

Mr. Frye stated in other project financings for facilities of this nature will be a ten to twelve thousand seat arena, the Fleet Center in Boston or a football stadium...the team owner or whoever is going to control and operate the facility and operate it by placing events in there or...like the NHL or NBA and NFL have a lot of times, the teams themselves actually control and operate the facility, they don't necessarily own it. When they're coming up with their participation in the project is to either invest capital which would be an investment of their own

money or they go out and get a loan and use that to contribute to their portion of the project costs. Their portion, even if they go out and get a loan that they're going to repay from the operations of that facility would still be considered a private...their private contribution to the project. Even though the banks aren't going to term it an investment, they're not an owner in the facility.

Mayor Baines asked is the risk on the City's side or the bank's side.

Mr. Frye replied in terms of that particular loan, the bank's side.

Alderman Wihby stated what the Mayor was just saying, I guess, I would prefer them to want their money back and if they've done this as an investment or as a loan thinking they're going to get their money back, I guess that's a good thing. Twelve criteria were set up when we first started this project and we told people when we went forward we had public hearings and everything that those twelve criteria had to be met and that was your task and you're sitting in front of us today telling us that all twelve have been met as far as what we've told the voters out there and all of the two year's worth of work we've done that, in fact, as far as you're concerned is met.

Mr. Frye replied that is correct. Based on the documents that we provided to us at this point in time.

Alderman Shea stated if we refer back to that bullet on page...of the introduction, it's Rooms & Meals Tax-Exempt Insured Bonds shall not exceed \$50 million. If you turn to page 3 of 15...the City's contribution will be, not \$50 million, but \$53.404 million.

Mr. Frye stated comprised of \$49.9...

Alderman Shea interjected no, no...just stick with that, please. Don't you see that there's a little difference between \$50 and \$53.4. We're paying it out of Rooms & Meals, aren't we. How does that follow the criteria. If we can't follow the twelve...

Mr. Frye replied because the requirement says bonds and the bonds that will be issued do not exceed \$50 million.

Mayor Baines stated, Aldermen, I think this will proceed better if when we ask a question, we allow them to answer it.

Mr. Frye stated the way we read the requirement is that the Rooms & Meals Tax-Exempt Bonds shall not exceed \$50 million and based on the documents that were provided to us they do not exceed \$50 million. Now, there is an additional \$3.4 million that is being provided to the project from Rooms & Meals Tax money, but they're not issuing bonds and so based on what the requirement and how it reads, we think that requirement is met.

Alderman Shea asked are we using the other \$3.404 from Rooms & Meals.

Mr. Frye replied it is cash that is provided from Rooms & Meals Taxes.

Alderman Shea stated so, in essence, we are using \$53 million, aren't we.

Mr. Frye replied you're using \$53 million in Rooms & Meals Taxes, that's right...\$49.9 million though is the amount of bonds that are going to be issued which will be supported by the Rooms & Meals Tax and \$3.4 million in cash that is already on hand from the Rooms & Meals Tax. But, the requirement again...what we were evaluating and the requirement was Rooms & Meals Tax-Exempt Insured Bonds shall not exceed \$50 million and in our view they do not.

Alderman Shea stated but my point is we're using Rooms & Meals funds to pay the \$53 million...we're paying a bond of \$49, but we're using is, is that correct.

Mr. Frye replied you are correct.

Alderman Shea stated so nobody is misleading me in terms of how much we're spending out of Rooms & Meals.

Mayor Baines interjected they're the messengers, they've been asked to do a job for us, to analyze it, to present us with information and that's what they're doing.

Mr. MacWilliam stated the \$3 million relates to monies that have been already collected and are on hand as David indicated, the Rooms & Meals Tax, the incremental Rooms & Meals Tax that will be used to repay the \$50 million of bonds are monies that are anticipated to be collected prospectively based on the increased economic activity that the Civic Center will generate.

Alderman Shea stated I realize that. My point is that we're spending from the Rooms & Meals not \$50 million, but \$53 million.

Alderman Vaillancourt stated let's focus on page 4 of 15, if we might. You've discussed the bank loan of \$11.855 million which only amounts to 16.9 percent of the private sources. Can you give us some idea of what these other categories are...interest income \$2.295 million, land owner contribution \$1.975, Wall of Fame Plaza...I wonder if anybody is familiar with these items.

Mayor Baines asked are you able to answer those questions.

Mr. Frye replied other than these numbers were provided to us from the official's statement or the plan of finance regarding the specific sources and how these monies are going to be funded we are probably not the best ones to answer that question.

Alderman Vaillancourt stated without those sources you would not have the 20% is that correct.

Mr. Frye replied that is correct.

Mayor Baines asked is there anyone that can define those sources clearer for the Board in the room. Let's maintain order. I think things are going very well, people are asking very specific questions and let's give people an opportunity to ask. So, if I could ask for that respect I'd very much appreciate it.

Alderman Vaillancourt stated if I might, your Honor, before we have the second team come in to help ice the puck...so, if I might just ask our gentlemen from Pricewaterhouse Coopers...you did not do any investigation as to anything that was given you. You just went through and took it for gospel what was given you. You didn't look into any of this since you have to have help explaining it.

Mayor Baines interjected first of all, I will ask again if we can engage in a real thoughtful discussion of the issues. I ask Mr. Ashooh to come forward. They didn't ask him. I'm asking people to clarify and if you could respond to the original question, Mr. Ashooh, in terms of where those figures came from that would be very helpful to us.

Mr. Ashooh stated thank you, Mayor, it would be my pleasure. The bank loan - \$11.855 million is pretty clear. Interest income, obviously, is income earned on balances that we have. The land owner contribution may be one of the questions that is probably least clear in this whole procedure and if I can run that down...the Manchester Housing and Redevelopment Authority as is process in any kind of taking of land had an appraisal done, the appraisal value on that property was \$4.75 million. If you were called in November, we had a site acquisition hearing and at that site acquisition hearing David Altschuler who is the controlling trustee of the trust that owns that property said that he'd received the appraisal, he was entitled to get \$4.75 million according to process, but in the interest of supporting the project would get \$750,000 out of that acquisition price. He has subsequently enlarged that gift to \$1.9 million. He is willing to sell the property to the City of Manchester for \$2.8 million, he's entitled to \$4.75 million, so the process that we used account for that, quite honestly, is what we have to pay for it, what we would use as our cost is forgiveness of a certain amount of that cost back to the City and so we show that as an investment because we also have a payout on the other side; that is probably the one that may be the least clear. The Wall of Fame and this may not be understood by a lot of people as well...in creating this property this is a dynamic property, it continues on well after the building is up and paid for. We see this property as an opportunity to create in the building a sports Wall of Fame. I don't think there is an opportunity in town that we've had to perhaps house in one place sports trophies and recognition for athletes who came out of the City schools and like and have them enshrined in one place. This would be an appropriate place to do it. We also see it as an opportunity to raise additional funds after the fact, for this building so that the selling of bricks, commemorative plaques...someone thought of the idea that you have a son in

high school or a daughter in high school, they have an unusual achievement in sports...high scoring in a particular game...you can buy a brick, memorialize your child's athletic achievement or academic achievement at the facility. It's an additional fund raising technique that we would use over and above this. We have a \$500,000 number in there. We actually think that that number will be much more because this is not a process that we need to finance the building. We see this as an opportunity to have continuing fund raising at the property and at the same time create a different flavor for the building. The last...and Kevin may have to explain this, I'm not sure what Float Proceeds are myself, this is not my bailiwick.

Alderman Vaillancourt stated I didn't ask the question about Float Sale Proceeds. If I may go back and ask our distinguished guests from Pricewaterhouse Coopers...do you consider the fact that the land is going to be discounted \$1.975 million, do you consider that a private contribution. Is that the way your accounting firm considers things.

Mr. Frye replied if in fact the total uses of funds that we're showing the original appraisal of the land at the \$4.750 million, if that is in the uses of funds then it is appropriate.

Alderman Vaillancourt in reference to the Interest Income, Mr. Ashooh used the four words "balances that we have" I'm sure that you looked into that. Could you explain that to us in detail. I don't understand those four words.

Mr. Frye replied basically it's investment income during the construction period on proceeds of the bonds and construction loan that is basically sitting in an account that you don't need that is earning interest until you need the funds.

Alderman Vaillancourt stated proceeds from the \$50 million bonds.

Mr. Frye replied some of it, yes.

Alderman Vaillancourt stated so you're taking \$50 million in public monies and you're using the interest to count that as private money.

Mr. Frye replied interest that is earned on those funds, that is correct.

Alderman Thibault stated one thing about this document...I want to make sure with the City Solicitor that as I see this this is like a draft form of all of the things we had asked for, I want to make sure that when this thing goes into a proper document that also my dollar surcharge goes into this and I've got the paper here that was given to me by Attorney Craig and I like what it says here, but I just want to be sure that it's implemented into the final document.

Solicitor Clark stated to my understanding it has been agreed to by Ogden and it will be in the Agreement.

Alderman Thibault stated okay, it will be in the Agreement; that is all I really want to know.

Alderman Clancy in reference to page 11 of 15 [Attendance]. It says here "assumptions 6,030 people" that is for 42 home games, is that right.

Mr. Frye replied that is correct, for an average attendance.

Alderman Clancy asked do you really think we're going to get six thousand people here in the City of Manchester. My dad worked down at the Coliseum for a number of years. When we had the Black Hawks here they started out at \$1.00 a game, they went to \$3.00...when they went to \$5.00 the place was empty, I'm serious.

Mayor Baines asked can you explain the analysis that lead you to that conclusion, I think that's the essence of the...

Mr. Frye replied again, we noted on page 12 of 15...I'd just like to first add, we were not engaged to conduct a market and financial analysis of the AHL team operation. We were asked to review their internally prepared projections which we did. We noted that on page 12 of 15 that the 6,030 for a normalized year of operations may be aggressive and that after the honeymoon period or the novelty of the new team might wear out, exactly; that their assumption may be slightly aggressive. I don't think it's to the point though where we would again drop below what it would be required to meet the rent guarantee.

Alderman Clancy in reference to parking asked where are the people going to park.

Mayor Baines stated that was not in the purview of this study; that would be an appropriate question to ask at some other juncture of this conversation.

Alderman Shea stated in your recap you said the total public sources is 76.1% of the total projects costs. Now, the total project costs have increased, so you're taking a percentage of \$70 million, aren't you.

Mr. Frye replied we're taking the \$53 million as the numerator and \$70 million as the denominator gives you the 76%.

Alderman Shea stated as you increase the cost you lower the percentage, right.

Mr. Frye replied that is correct.

Alderman Shea stated correct. So, initially, if the cost were say \$50 million or \$60 million or \$62 million you would go to 80%, but as you increase the cost it went down. So, basically, somebody has juggled the percentages here to suit their purposes. In other words, to stay within the 80% because if we increase it another \$10 million they'd go down to maybe 68%.

Mr. Frye replied that is correct, but you would have to fund those costs from either a public source or a private source and in this case they were funded from private sources. But, you're correct if you increase the denominator and hold the numerator constant the percentage will decrease.

Alderman Shea stated the land owners contribution...now, you don't know where that money has come from. In other words, the \$4.75 million is being paid for out of what funds. Is it City funds that we're buying this...in other words...

Mr. Frye stated is it from the bonds or is it from the bank commitment.

Alderman Shea asked I wonder where it's coming from because...are we loaning ourselves back the money that we've already paid in order to look good.

Mr. Frye stated depending on how you presented the sources and uses and again we did not prepare this schedule but you could...the net would be the same if you were to net down the cost of the land and include that amount in your uses of funds and not have the \$1.975 shown as a source. But, the corresponding percentages really would not change.

Alderman Shea stated I see a lot of juggling here in order to...

Mr. Frye interjected I would just like to point out that the percentages would not change though.

Alderman Pinard in reference to page 14 of 15 stated one of my major concerns in meetings over the weekend and everything else and looking at this for the past three days is Mr. Baldwin is what bothers me a lot and you have it right here, but for some reason you haven't been able to get his financial statements. If this gentlemen is going to manage our Civic Center I think it would be only proper over the three or four weeks since you've been doing this that you should have been able to contact Mr. Baldwin and get the whole report. So, right now, this is a report that is not final.

Mr. Frye asked can I just clarify. We were able to receive financial statements and federal tax returns from Mr. Baldwin. What we were unable to do was to verify independently some of the account balances that are on his personal net worth statement, some of his liquid account balances. We were unable to verify with a brokerage statement or over the phone. But, we were able to review current personal net worth, financial statements of Mr. Baldwin and most recent tax returns.

Alderman Pinard asked what is the reason for not getting the whole complete report. Is there a statement made by Mr. Baldwin. This is a big piece in this whole picture as far as I'm concerned.

Mr. Frye replied we've just been unable to contact somebody that could verify or be provided with a brokerage statement that would verify the liquid account balances at all in his personal net worth statement.

Mayor Baines stated as a follow-up asked how does that impact your findings.

Mr. Frye replied it does not impact...again, based on the view of the tax returns and his personal financial statements he has sufficient net worth and historical income levels as indicated on his tax returns to meet the rent guarantee.

Alderman Lopez asked, Sir, in your professional opinion with all of the other civic centers that you have looked at, how would you rate this particular document.

Mr. Frye asked in what context.

Alderman Lopez replied in the context of guaranteed insurance, the specs that have been laid out by the Board of Mayor and Aldermen, other civic centers that you participated in...have you seen stipulations as we have put in there.

Mr. Frye replied every transaction or every deal in this type of nature is very different and each public sector whether it's a city or an authority, a county or a state is going to have their own requirements and criteria that are going to have to be met. I would say that the 12 that have been outlined here are very comprehensive, I would echo the Mayor's earlier comments that I think it's been a truly conscientious effort on all parties, but I really can't say that this is a better deal or a worse deal or how it really stacks up against other civic centers or arenas of this nature because the requirements and the criteria of the respective governments are all different. We've been involved with projects that are a hundred percent publicly-financed because that's what the city wanted to do and we've been involved with projects, although a very few, at the minor league level for both hockey or basketball, but certainly at the NBA and NHL and the four major professional leagues where there's been facilities a hundred percent financed, but each situation and each deal is unique and really have to conform to the leadership of that government and what they want to do, what their goals and priorities are.

Alderman Hirschmann stated I was trying to help Alderman Pinard because his question to the consultants were on Mr. Baldwin's assets and just to put that in perspective it says in their report "because of the confidentiality agreement executed between Pricewaterhouse Coopers and Manchester Hockey Group LLC specific assets and liabilities of team owners cannot be disclosed in this report." Now, what I think the gentleman wanted to know was is this a substantial...he was trying to find out the assets and you can't disclose that, I understand that. But, this man is obviously a millionaire a few times over.

Mr. Frye stated as it relates to the confidentiality agreement really all we can do is do what we were asked to do and that is "does he have sufficient resources to cover the rent guarantee, the two-year minimum rent guarantee" in the documents that we reviewed, he does.

Alderman Hirschmann stated that parameter was satisfied and Alderman Pinard that can't be answered.

Alderman Pinard stated I think there's a 15 year contract involved and if this gentleman only have resource for two years, what happens to the other 13.

Mayor Baines stated why don't we keep the questions going through the Chair as much as possible and I'd like to call on Alderman O'Neil followed by Alderman Vaillancourt.

Alderman O'Neil asked, Mr. Frye, in your experience in the ten thousand to twelve thousand seat facility, how normal and you touched on this a little bit earlier, how normal is the public/private funding.

Mr. Frye replied it certainly falls within the parameters we've seen in other buildings.

Alderman O'Neil stated I guess my question is if you had to put a percentage...how many facilities in that seating range would be 100% publicly-financed, how many would be 90% public, 10% private.

Mr. Frye stated I would be really remiss to through out a number. We have financing summaries on a lot of the ten to twelve thousand seat arenas that have been built over the last five years and we'd be happy to provide that even though it wasn't part of our original scope of work, we would be happy to provide that to the City if you would like it.

Alderman O'Neil stated you would really prefer not to comment.

Mr. Frye replied if I were forced to answer at this time it would fall 60 to 65 public and 30 to 35 private on average and you'll see some that really run the gamete. Not so much of the hundred percent privately-financed that you see at the NBA/NHL level, but there are some that have more private participation than what's shown here.

Alderman O'Neil asked would it be a fair statement for me to make if I said the majority of facilities in this seating capacity range (10,000 to 12,000 seats) would be 100% publicly-financed, is that a fair statement.

Mr. Frye replied no.

Alderman Vaillancourt stated I'd like to go back to the millionaire several times over who I understand...did you look into his bankruptcy with the Pittsburgh Penguins, by any chance.

Mr. Frye replied no.

Alderman Vaillancourt stated what bothers me is not just the fact (on page 14 of 15) about six lines down where you say "he can guarantee to pay the rent for two years." In order to keep the team going he has to pay a lot more than the rent, does he not.

Mr. Frye replied that's correct.

Alderman Vaillancourt stated in going back to page 11 you've said the average attendance is 6,030. Do you live around here, have you seen the Lowell Lock Monsters on our MediaOne Channel 3.

Mayor Baines interjected, Alderman, he's from Dallas, Texas.

Alderman Vaillancourt stated well, for the people around here, I just watched the Lowell Lock Monsters last night and Saturday night...what's the average attendance for the Lock Monsters.

Alderman Clancy replied 2,700.

Alderman Vaillancourt asked would this team last more than two years if they were averaging 2,700, would this deal fall apart completely if they were to go below 3,000.

Mr. Frye replied if they went below 3,000 they would not be able to meet their minimum rent guarantee and that's really all we can...

Alderman Vaillancourt stated it would be a disaster for the Civic Center, right.

Mr. Frye replied I can't say if it would be a disaster for the Civic Center. There are a lot of other events that are going to be held in the building and to say that it's 100% dependent upon...

Alderman Vaillancourt asked did you look into the fact that apparently Ogden has an out if the hockey team does not continue to be here.

Mr. Frye replied we read the Management Agreement between Ogden and the City, yes.

Alderman Vaillancourt commented red flag there.

Mr. Frye stated we listed all of their criteria that need to be met between the City and Ogden in order for their guarantee and for them not to be able to terminate the agreement.

Alderman Vaillancourt stated so, the Lock Monsters are averaging 2,700...I'd like to turn to the next page now, page 12 of 15 and look at your ticket price assessment. Do those figures include

the \$1.50 per ticket that Ogden has been authorized to add and do they include...let's call it, the Thibault dollar...so, are we talking about adding \$2.50 to those prices.

Mr. Frye replied yes.

Alderman Vaillancourt stated we're talking about adding \$2.50 to those prices. So, instead of \$11.90 we'd be closer to \$14.40 per ticket.

Alderman Shea stated we have two places here, we have the Whittemore Center and we have the Tsongas Arena and according to statements that Mr. O'Neil sent to us the average attendance at the Whittemore Center is 2,153 patrons, it's vacated 254 days a year. The average attendance at the Tsongas Center has been 2,063 and it's vacant 168. These are two places within, I would say 30 to 35 miles of Manchester, so what you're saying is it's a no brainer if we build a civic center and people don't come beyond a certain amount, is that correct.

Mr. Frye stated as it relates to the attendance and ticket prices, again, we were not engaged to perform a market and financial analysis; that was performed by another consultant to the City. I think these are all very good questions, that I hope we're asked at that point in time when that report was presented. Based on AHL league average the attendance and ticket prices...except for the attendance that we noted earlier that we may think is high as it relates to other AHL team attendances, I think they fall within the range of certainly what is reasonable, what you would expect based on other AHL performance. Now, are there market conditions of things here that may ultimately may happen to cause the attendance and ticket prices not to be realized. We were not engaged to address that question.

Alderman Shea stated your research was developed from limited research of the market, knowledge of the industry...what industry are you talking about.

Mr. Frye replied the arena industry and the American Hockey League team operations.

Alderman Shea stated you have limited knowledge of that industry.

Mr. Frye replied it was based on it.

Mayor Baines interjected we didn't say this was going to be easy, by the way.

Mr. Frye stated I wasn't expecting it to. Again, we presented in our attendance starts and our ticket price chart the AHL league average attendance and what the resulting financial impact would be on the team operating statements.

Alderman Shea stated I can sympathize, I have a son by the name of David, but anyway I'll continue..."including certain information provided such as estimates, impressions, opinions of others for which responsibility cannot be made information is not audited or even verified,

therefore, it is possible that such data could be inaccurate." Is that correct. In other words, if you're basing certain assumptions on estimates or basing it on certain types of impressions or opinions there is the possibility that the information that you provide or have provided could have a certain amount of inaccuracy to it, is that correct.

Mr. Frye replied that is correct.

Alderman Cashin stated I have just one question. You're saying that your breakeven attendance and this is a source I'm reading here from Pricewaterhouse Coopers that the attendance has got to be 76% in order to breakeven, is that right.

Mr. Frye replied 75% of what the team has included in their projections would result in attendance of 4,576 and that would result in a breakeven to cover all operating expenses and the rent guarantee.

Alderman Cashin asked you don't think that that is unrealistic.

Mr. Frye asked that that may happen.

Alderman Cashin stated I don't think you're going to get 76%.

Mr. Frye stated the 76% of projected levels is roughly 85 to 90 percent of the AHL league average, again, 76% of what they forecasted and no we do not think that it is...

Mr. MacWilliam stated I think just an important point to make here both around the average attendance, I just wanted to make mention here and really as a matter of perspective that the table both relative to attendance as well as ticket prices as David indicated earlier was merely to provide a sensitivity analysis to give you an understanding of if the numbers differed from those in the projections of the team owners here would be the impact on the ability of the facility and the franchise to meet the minimum rent guarantee. It is important to note that separate from this there was a market study conducted and issues such as...and I do live down in Windham, I go to the Lock Monsters game with my son all the time and I do see from time-to-time the variations that do exist in any facility. We were not asked to and certainly we could if there was an interest in relooking at that particular issue do a more comprehensive look at the local market place and compare that to the assumptions, but I think to continue to ask around whether we feel it's reasonable in light of what happens at UNH and what happens in Lowell we just aren't prepared to answer that question because the depth of our work didn't extend to that.

Mayor Baines stated I appreciate that, what you're sensing this evening is some frustration with a lot of people have been trying to get those kinds of answers and have been frustrated at the inability to get those answers and again you're there and we appreciate the fact when you say that you weren't asked to do that because you performed the task that you were asked to perform and you've done it quite well, I might add.

Alderman O'Neil asked, David, if land contribution were not included as part would this meet the 20 percent.

Mr. Frye replied no.

Alderman O'Neil asked, in your experience are those normal to be included under private funding.

Mr. Frye replied yes, an interesting comment. Things such as the Wall of Fame or a plaza which have been used in other facilities as a source of financing are typically included as private sources. The landowner contribution is going to vary from project to project on the source of that land whether it's publicly or privately-owned. In this case, it's privately-owned and the way that the sources and uses has been presented it is appropriate to include it under the private.

Alderman O'Neil in reference to interest income and the Wall of Fame and based on your experience asked is appropriate as listing it as a private source.

Mr. Frye replied that is correct.

Mayor Baines stated you also reaffirmed that landowner contribution is appropriate as well.

Mr. Frye replied based on our understanding and what Skip said the way the sources and uses have been prepared and that it was a private land source then, yes, it is appropriate.

Alderman Pinard stated I've been concerned for about five or six weeks on an Ogden lawsuit going on and I just got this tonight, but it's another law firm that's doing the same thing to Ogden. Have you investigated the background of Ogden in your research.

Mr. Frye replied we are certainly familiar with Ogden and the number of facilities and their history and the private management of arenas of this nature, and including other public use facilities such as convention centers and are very familiar with their track record. I think maybe what you're referring to is maybe some of the press that's been surrounding Ogden with maybe their getting out of the private management of facilities, getting out of that line of business and in that case there are several other private management companies that are large as well such as SMG and Volume Services and if they were to sell that line of business, I don't know who they would sell it to and really can't speculate, but.

Mayor Baines interjected in discussion with the banks today, I understand that the banks went through an extensive due diligence process and looked at many of those types of things that you're talking about and they would describe this as a very complicated arrangement and in due respect to the doubts that are out there which many of us share the banks were not playing tiddle winks over the past couple of months, they were going through to ensure that every aspect of

this arrangement met the criteria and the companies involved, etc. were able to deliver on their promises. So, I think you should feel some comfort in that, at least.

Alderman Clancy stated for one thing I don't like the way this Civic Center is being funded. We don't have any private monies, any monies up front. What we probably should have done is sold some shares for maybe \$10.00 a share and gotten some money then instead of fooling around and getting monies this way like the Hall of Fame Plaza or the ownership given land for \$1.9 million, I don't like it that way which is why I am against the Civic Center, really. Thank you.

Alderman Vaillancourt stated not to put too fine a point on it, but to go back into the realm that you have something to deal with with attendance would you not agree that if you have one stadium that sells 11,000 seats per game and another that sells 2,500 and another that sells 2,500 that would give you 17,000 and your average would be around 6,000 for the three of them yet one is average 12,000 (Philadelphia in the AHL) and the other two Lowell and in our vicinity would be averaging 2,500, would that not be mathematically in the realm of what you've been doing.

Mr. Frye replied again the math is included in the market and the financial analysis that was prepared on this arena by another consultant listed out the averages of all of the other AHL teams at the time of their report and are clearly stated in there.

Alderman Vaillancourt stated you looked at that.

Mr. Frye replied yes.

Alderman Vaillancourt stated if I might just go to one other thing...page 3 of 15, you went by this rather quickly but I'm wondering if in your experience you can give us any idea of the upkeep of these buildings, of these facilities because it seems that this is the parameter that you said would not be met if the fund was not great enough to allow for the maintenance and upkeep of that. What do you see a facility of \$70 million requiring for upkeep on an annual basis.

Mr. Frye replied again it really varies. Setting aside funds into a capital improvement fund is very common and is always a part of the construction documents or the financing agreements and it really varies. We've been involved, just for context, in facilities that cost \$200 and \$300 million where they set aside in the early years very nominal amounts, maybe \$100,000 or \$200,000, something less than one percent and then fund it over time increasing that and how that's funded there really is no industry average as to how it's done.

Alderman Vaillancourt asked you do know how much we're setting aside in the early years.

Mr. Frye replied I don't recall specifically, like right off hand.

Alderman Vaillancourt asked is it \$25,000 a year.

Mr. Frye replied that is correct.

Alderman Hirschmann stated when I looked through this that 29% of private investment, I actually thought that could have climbed higher if naming rights which could have added half a point, if a big naming contract were to surface instead of in the operational end that could have been accounted for in the investment end. So, in reality I thought that that could have been pushed higher.

Mr. Frye stated there are some financings that do take contractually obligated income such as naming rights or suite proceeds of luxury seat proceeds and capitalize that and use it as a source of financing.

Alderman Hirschmann stated that would have made it look even better.

Mr. Frye stated true, but then your operations...

Alderman Hirschmann interjected so we've got some money in the bank, don't we.

Mr. Frye stated that's right.

Alderman Gatsas stated, David, maybe you did this study and maybe you didn't, but I'll ask the question. The first bullet point on page 1 says "no property taxes will be used to construct or operate the MCC". The assumptions that a lot of people on this Board have made that the hockey team is going to fail through attendance, Ogden's going to fail because of the hockey team...what is the representation of having to pay you City tax dollars to meet those revenues.

Mr. Frye replied we were not asked to provide a guarantee. I don't know what other way to put it. We were asked to perform a set of procedures which we performed and again it's not a guarantee. The due diligence process is designed to point out these issues and to raise concerns that should then be addressed.

Alderman Gatsas asked have you looked at the bond agreements.

Mr. Frye replied yes, we have. All of our work papers are here.

Alderman Gatsas stated according to the bond agreements there's an appropriation that's made each year through this Board of \$2.3 million to fund those proceeds, to pay those bonds. At that point, this Board can make a choice not to go through with that, is that correct.

Mr. Frye replied that is our understanding, that is correct.

Alderman Gatsas asked at that point, is the City at risk for anything.

Mr. Frye replied I can't...

Alderman Gatsas stated I understand where you're coming from, it's like any other engagement letter. Certainly, the due diligence that you need to look at, I think at this point looking at where Bond Counsel is coming from, I don't know if you have a copy of that letter, have you taken a look at it. The one that was just passed out today (Robinson and Cole).

Mr. McIntyre replied yes, we did and we haven't had a chance to review it in detail.

Alderman Gatsas asked can you take a minute and take a look at it.

Mayor Baines asked is that a fair thing to ask you to do.

Mr. McIntyre replied I believe there is a representative of Bond Counsel here or at least there was someone here earlier. This is more of a legal question than it is one of accounting.

Mayor Baines asked, Kevin, is that true, someone is here.

Mr. Clougherty stated the City's Bond Counsel is here and Bill Craig is here with Roberts & Cole, so you could have the City's Bond Counsel from Ropes & Gray comment on it.

Mayor Baines stated I think that would be very helpful if someone could come forward and address that.

Mr. Clougherty introduced Mr. Rick Manly from Ropes & Gray, Mayor.

Alderman Gatsas stated my question was the bullet point in the Pricewaterhouse Coopers report says "no property" or the bullet point we were looking for as representatives of the City was "no property taxes will be used to construct or operate the MCC".

Mr. McIntyre interjected I'm sorry, on page 1 of our letter, we are simply restating the requirements, we are not presenting...

Alderman Gatsas stated I understand that, I asked if you had done a study to see if that was a true assumption. I understand that in the bond documents is the City has the opportunity or must on a yearly basis through the Mayor's budget appropriate \$3.2 million to pay for the bonds. And, at that point, this Board or any other Board can vote not to appropriate those funds.

Mr. Manly replied that is absolutely correct. The structure of the transaction is such that the obligation to even include the appropriation request in the Mayor's budget in any given year is dependent upon the receipt of the Meals & Rooms Tax revenue in the first instance and that is something that we have worked very carefully with the principal draft persons of the documents

to insure that in any given year if the funds...the obligation is to include it in the Mayor's budget to the extent that those monies are to be received, but even if the revenues are included in the Mayor's budget it is absolutely up to the Board to make a decision at that time in every given year as to whether or not an appropriation will indeed be made, at all.

Alderman Gatsas stated and for my understanding those bonds have no risk and the City is not at risk if we so choose not to make that payment.

Mr. Manly replied that is correct. Now, that doesn't mean that people will wonder about what the City's intention is to repay obligations from time-to-time as a credit matter. But, as a straight legal matter there would be no recourse at all to the City.

Alderman Cashin stated it could increase our bond rating couldn't it if we defaulted on the bond.

Mr. Manly stated that certainly wouldn't be viewed positively, I'm sure. However, the concept of appropriation debt is something that is not new and that always carries with it that risk that in future because it is not...say, not full faith in credit of the City or the issuer involved that is always out there as a possibility and indeed it happens from time-to-time.

Alderman Gatsas stated correct me if I'm wrong, I believe those bonds are through Manchester Housing and does not affect the credit rating of the City.

Mr. Manly stated well, it's a technical matter, the issuer is, of course, the Housing Authority. The underlying obligation, however, in this sort of financing structure would be readily apparent to I think the community in which these things would be likely placed as being the appropriation credit of the City of Manchester ultimately.

Alderman Vaillancourt stated just to respond to Alderman Gatsas...in a letter he handed out tonight that is addressed to him, Alderman Gatsas, from Robinson & Cole, page 2...I'll read the first sentence of the second paragraph..."although the City is not legally obligated to appropriate installment payments, additional payments under the financing agreement to pay the debt service on the authority's bonds, failure to do so could have a significant adverse impact on the City's credit rating." True?

Mr. Manly replied let me just clarify if I could, Alderman, that's a letter prepared by Bond Counsel to the Housing Authority, not by my firm or by me. In fact, it was a letter that I haven't actually read yet, but yes, I think that's not an incorrect assessment as you read it.

Alderman Vaillancourt stated it's addressed to Alderman Gatsas.

Mayor Baines interjected yes because he asked the question and it was appropriate that it be addressed to him. Any other questions by any other Aldermen.

Alderman Shea stated, David, you said that should the City decide not to assume responsibility to operate the Manchester Civic Center the lender would ultimately gain control of the arena and assume operating responsibility. Do you mean the lender of the Rooms & Meals insurance or do you mean the private funding that is from the bank, I'm not quite sure what you meant. I'm sure everybody would have liens on it.

Mr. McIntyre replied the private lender.

Alderman Shea stated if the City were not to fulfill its obligation through the Rooms & Meals and we're covered by a \$1.75 million insurance bond that particular insurance company would not have any dibs on the Manchester Civic Center, at all, or would they...he's shaking his head and saying they would or they wouldn't. They would not, okay. Thank you.

Alderman Vaillancourt asked does anybody else have this document, is it relevant. It's a document that I have tried to review dated December 21, 1999 of ACA (American Capital Access) is that what we're talking about with the bonding.

Mayor Baines asked could you clarify, Alderman Vaillancourt.

Alderman Vaillancourt stated it's a document, it's a nine-page document...at the top it says ACA (American Capital Access) and it has a little logo on the top. Apparently, it was faxed December 21, 1999. I spent much of the weekend trying to read this document because I was trying to get a hold of the bonding and I have to tell you I totally failed...in having worked with the House Finance Committee and written some laws we go line-by-line and fix semicolons, I think it would take us about 24 hours to fix this, but if this is the document that is the applicable bonding authority, I have numerous questions on page 8 because I can't understand it at all. Is this the prevailing document.

Mayor Baines asked could somebody answer that question. Mr. Clougherty or somebody else.

Mr. Clougherty replied ACA is the bond insurer.

Alderman Vaillancourt stated so, this is the document we will be using.

Mr. Clougherty stated if you're talking about the bond insurance, yes. Not the bond issue.

Mayor Baines asked is there anyone here that could answer questions to this document.

Mr. Clougherty stated the City's financial advisor, Richard Tortora from Evanson Dodge has worked on that and he's here.

Alderman Vaillancourt stated I hate to delay us to the midnight hour, but this is a very integral part of this whole package and if you could just turn to page 8 under Section 2 [Reimbursement Agreement]...

Mr. Tortora interjected I do not have a copy. Thank you.

Alderman Vaillancourt asked could you explain to me what the final sentence in Item #2 means "any payments by insurer under the Surety Bond must be reimbursed over a reimbursement period not to exceed 12 months."

Mayor Baines asked what number is that, Alderman.

Alderman Vaillancourt replied it's number 2 on page 8 the final sentence. And, then for items 3 & 4 I just have huge question marks beside both of them, I couldn't even get one sentence that I had a problem with.

Mayor Baines stated let's go through each one. I think it's important that we take the time.

Mr. Tortora stated if I understand you correctly, Alderman, you're looking at page 8, item 2 [Reimbursement Agreement].

Alderman Vaillancourt replied that is correct.

Mr. Tortora stated one of the components of municipal bond insurance...typically, when you do revenue financing which we're doing in this case, typically, we have a debt service reserve fund and in this instance we will indeed have a debt service reserve fund which we are going to fund with a surety bond. A Surety Bond is a financial product that's usually...the cost of which is usually about two or three percent of the face amount of the dollar amount that would normally be in the Surety Bond, so for example, if we needed \$1 million in the debt service reserve fund we might pay ACA, in this case, three percent of \$1 million and they will put a Surety Bond in our debt service reserve account. Now, in the event that there is not...the Rooms & Meals Tax are not adequate to pay debt service on the bonds there is a secondary reserve fund and if indeed we tap into the Surety Bond we would be required to the extent that revenues are available subsequently to reimburse the monies that we drew out of the Surety Bond.

Alderman Vaillancourt asked could you put that in a little plainer English, we're almost there, try one more time.

Mr. Torturo stated we are required to provide monies that the insurer can access prior to their insurance coming into play. So, rather than provide...we have an alternative we can either provide cash or we can buy a product...the Surety Bond product is what we're opting to do here. In the event that there is inadequate monies in the Rooms & Meals Tax to pay debt service on the bonds at some point we could tap into the Surety Bond. If indeed we do the reimbursement

agreement requires that we reimburse the monies that are taken out of that Surety Bond over a 12-month period to the extent those revenues are available.

Alderman Vaillancourt asked about items 3 & 4.

Mr. Torturo replied the maximum amount typically is if you look at the amount that is suppose to be in the debt service reserve fund it's equal to something called "maximum annual debt service"; that is the amount of debt service that is due on the bonds at any given point in time during the course of the life of the bonds and that changes. As we pay off bonds the annual debt service might reach its peak in the tenth or the twelfth year, so that maximum amount goes up and down. Actually, it peaks out at about \$4.25 million, I believe, and then it goes down in subsequent years; that's the maximum amount. So, our debt service reserve ideally is funded with that maximum amount.

Alderman Vaillancourt stated rather than ask all these questions, I'll just pose one hypothetical and maybe if you just respond to that it'll get us to where we want to be. I have legislation before the House that will be heard tomorrow which would take the Rooms & Meals Tax money away from the cities and towns and give it back to the State of new Hampshire, it considerably could pass this year or next year whenever. Let's say it passes three years from now and the City of Manchester gets no more Rooms & Meals Tax money whatsoever. Does that mean that the insurance company will pay forever for the Civic Center.

Mr. Torturo replied in that instance there is no money to be appropriated by the City, first we would go through any reserve funds that we might have including say this Surety Bond and then the insurance would kick in and the insurer in return for the lump sum premium that we are going to pay them at closing they will pay every dollar of principle and interest for the life of the remaining bonds with no recourse to the City.

Alderman Vaillancourt stated for 18, 20 years whatever...

Mr. Torturo replied for as long as they need to until all of the bonds are redeemed.

Alderman Shea asked I wonder if there is a representative from Citizens Bank.

Mr. Clougherty replied I don't believe so.

Alderman Shea stated the reason I say this is because according to what we just got at the 23rd hour they are loaning to the City \$9,155,000 and according to David Frye and the other man's introduction to us we were suppose to be receiving, I guess, according to this...to make up for the private funding \$11,855,000, am I off \$2.75 or what. May I ask for a little bit of clarification, I don't care who answer it, your Honor, but is it some kind of a liquidity...I know I read through it quickly, but I'm not sure where the other two million is going to come in.

Mr. Clougherty replied I'll ask the Financial Advisor, but it's a liquidity availability during the construction period to be able to get the project completed, so it's a combination of both those numbers that gives the Pricewaterhouse Coopers figure that's in their report.

Alderman Shea stated what you're saying, in essence, is the bank is loaning \$9.1 million, but if we need the extra \$2.7 million they'll provide that, is that correct.

Mr. Frye replied that's accurate.

Alderman Shea stated so we're getting \$9 million now and \$2 million if we need it.

Mayor Baines asked are there any additional questions before I conclude this with some comments and then we'll move to the item on the agenda, I want to make sure that everyone has had the opportunity to cleanse themselves a little bit in terms of any particular questions they might have. I'd like to make a couple of observations. First of all, I'd like to thank the Board for being as deliberative as you have been and thoughtful in terms of the questions and for the people from Pricewaterhouse Coopers for enduring this in the sense that we know you were subjected to a lot of questions that people had. I would also like to state a couple of things at this time. This has been an extremely difficult process for all of us involved with the Civic Center and most difficult for some of us who are relatively new having just been sworn into elective office and I think what we've tried to demonstrate to the public, regardless of the outcome of this vote this evening that we are responsibly carrying out our responsibilities as elected officials and having you here this evening I think has helped us bring some credibility to that process. I would also caution that in the future that as the Board deliberates and perhaps we will not have the opportunity to deliberate something of this magnitude in the future that we keep in mind that the public process would have been enhanced if a similar dialogue had taken place over the course of time with members of the general public, so they could have also weighed in as this process went along in terms of these issues which are a significant concern to the public here in Manchester. And, next I would caution the Board as we go forward with any other projects, we have some significant projects underway that we never again allow government to become outside of the process to the extent it did with this and this is no disrespect for the people involved in the process and I would like to take this opportunity to thank Mr. Ashooh and all those who were involved, I believe, performed admirably and did it in the best interests of our community. However, I believe that the process has suffered and I have felt it since I assumed this office that we really were not a part of what was going on, I don't think that was right, I don't think that is what the public expects from us and we must not allow something like that to occur again as we go forward. But, having said that, I want to thank everyone and I have to thank all of the people that work in City Hall that have help provide information...anyone who is concerned out there about getting accurate information related to projects of this magnitude, I can assure them that the answers have been there. The staff at City Hall has been extremely professional and diligent in all aspects of their responsibilities especially responding to me as a new Mayor trying to do the right thing for this community and I would also urge all of us as I've said all along that regardless of what happens with this vote

now, we have to retain the resilience that we have as a community to continue to address the many significant issues that we face in our community and again I've been very honored to be part of a process like we engaged in this evening and I think people listening at home again, if anyone is still awake I will appreciate the way we've conducted ourselves in analyzing this matter before us. So, thank you very much, gentlemen, for being with us this evening.

Mayor Baines asked the Clerk, should we ask for the motion to reconsider first and then ask for the motion to be read.

Deputy Clerk Johnson replied at this point in time you want to find out whether or not the notice that was given by Alderman Shea if he wishes to execute that and then make a motion.

**23.** Notice for reconsideration of motion relative to the Report of the Special Committee on the Civic Center as follows:

“That the Board of Mayor and Aldermen approves of the documents presented tonight [December 21, 1999]. The staff is instructed to proceed to work with the banks to secure the private financing. Upon certification by the City Solicitor and the Finance Officer that the private financing is obtained, and in place, the City shall proceed with the acquisition of the site by negotiation or eminent domain and shall further proceed with the construction of the civic center project. The Board of Mayor and Aldermen further finds that the site which was the subject of the public hearing on November 22, 1999 is deemed to be the most suitable site for the construction of a civic center. The civic center project is hereby found to be a public purpose providing public benefit to the citizens of Manchester and therefore is a public need and necessity to acquire the land by negotiation or eminent domain. The Mayor and/or the Finance Officer are hereby authorized to execute any and all documents relating to the project subject to the final review and approval of the City Solicitor. The Mayor is authorized to execute the amended cooperation agreement between the City and the Manchester Housing and Redevelopment Authority but the terms thereof are not to be implemented until the private financing is obtained as set forth above.”

Such notice having been given by Alderman Shea, a member having voted in the minority. {Documents presented forwarded under separate cover and on file with City Clerk}

(Note from City Clerk: Pursuant to Rule 10 motion for reconsideration can be made by Alderman Shea or any member having voted in the majority. Votes recorded on the original motion as follows: Aldermen Wihby, Klock, Reiniger, Sysyn, Girard, Rivard, Pariseau, Thibault, Hirschmann in favor; Aldermen Clancy, Pinard, O'Neil, Shea and Cashin in opposition.)

Alderman Shea moved for reconsideration of the motion relative to the Report of the Special Committee on the Civic Center. Alderman Clancy duly seconded the motion.

In response to question by Mayor Baines, Deputy Clerk Johnson stated the motion on the floor is whether or not to reconsider the motion that was on the floor at the previous meeting. Certainly, if the Board wishes to discuss whether or not they want to reconsider that is a parliamentary procedure you can call for.

Mayor Baines called for discussion.

Alderman Wihby stated I think what we heard from Pricewaterhouse Coopers and from all of the professionals that have dealt with this, I think the Committee has gone out and came up with

their priorities and I think all 12 of the criteria have been met and I think we should move forward with this, we've been talking about this for two years, I think all of the contingencies are in place and I'm assured that we can work through all of these other problems that we have, all of these other little things that are going to come up, we can work that out. The Committee on the Civic Center has worked hard, your Honor, we've looked at all of these things and I just think we should move forward today and get this thing done and over with and we're still going to proceed with following it up anyway, we still have the committee and we're going to work with everybody and assure that it's a first-class operation. This is the biggest thing other than the Airport that we've ever done. The Airport was the same thing, we had a lot of problems with that, a lot of people were negative about that, but this here can make and break Downtown and I just think that we should go forward, your Honor, and I would hope that nobody would reconsider the vote.

Mayor Baines stated you're arguing against reconsideration.

Alderman Wihby replied I'm arguing against reconsideration.

Alderman Shea stated in all due respect to Alderman Wihby the taxpayers have contributed not one penny to the Airport, not one penny. They have never put one penny up. So, we're talking about "apples and oranges" here. This way the taxpayers are going to contribute probably out of Rooms & Meals with money we can't use to fund schools, to pay for books, to put fire stations up if we need to...all of this is going to come back to haunt most of us because most of the people voting for the Civic Center this evening are going to be taxpayers friends from now on and I've been told. So, basically, no thank you, your Honor, but...

Mayor Baines interjected no, I will interrupt for parliamentary reasons and what I would ask at this time that you confine your comments for or against the motion, that's all I'm going to say.

Alderman Shea replied I'm for the motion one hundred percent. I would like to see a reconsideration because I don't think that parameters are in place. Tonight, the parameter of \$50 million is \$53 million, not \$50 million from Rooms & Meals. Thank you, your Honor, for giving me another chance to express my views.

Alderman Thibault stated first of all what we have to look at here is that we appointed a Committee for the Civic Center here on this Board a couple of years ago and to look at the work that these people have done and the charge that they gave the Committee that was working on the outside for this, they gave them 12 parameters that they must meet before we do anything with this and I believe that they have gone out and really done a super job with this. I think that these people that have done this on the outside stand to be commended very highly for the professional job they've done and what they've brought to this Board tonight. How can you charge someone, give someone a goal and you set twelve rules that they must abide by and they do and now we're going to walk away. No, I'm not voting for reconsideration.

Alderman Levasseur stated I think the thing that really clinches it for me on this whole thing was the banks that came through. I've been trying to get a small loan on a building that I have in Manchester and to see that four banks got together in such a short time and after what I know I went through just to try to get a small loan...I can't tell you how many documents I had to send those people and how much due diligence they did on me personally and for them to go ahead and give us \$11.75 million...four banks within our own City have come up to the plate, 3 and 2, bottom of the ninth and it's a homerun for us; that's what clinches here for me today, that the four banks of this City...Mayor Bob Baines has said their did their due diligence and they did a great job and that, I think, is what we should look forward to because the banks of this City have come forward and shown confidence in this project and as far as the parking situation goes. In 1986, when I started my little restaurant there were 30,000 full-time employees working down here and they all got a parking spot.

Mayor Baines interjected, Aldermen, if we could be more concise.

Alderman Levasseur stated I'm talking against reconsideration.

Mayor Baines stated I appreciate everybody...I gave a little speech too and I appreciate your desire to do that...

Alderman Levasseur interjected I'm very passionate about that, your Honor.

Alderman Hirschmann stated what I'd like to state for everybody is on December 21st, the previous Board, we took the work of many people and in one night on an act of not faith, but on belief that our City could move ahead and have this project and have Elm Street revitalized with one contingency and that contingency was that the banking community would step forward and give us the loan of \$11.9 million and I want to thank Suzanne Masiolla for her work and Dan Sklar and the team that brought that loan to the table tonight and it did arrive, I have the loan commitment letter from four banks in this City and I ask to not reconsideration, let this stand from December 21, 1999...that was a good vote, the piece came in tonight, all of your questions are very respectful and taken under advisement and I think that the freshman Alderman have contributed yeoman's behind the scenes to make sure that what happens here tonight is the right thing. I want to thank everybody involved.

Alderman Pariseau stated I sat here about 18 or 19 years ago when we were talking about the Center of New Hampshire project; that was the catalyst for Downtown redevelopment. At that time, the Center of New Hampshire cost \$17,926,380 and the taxpayers of this City encumbered \$7,932,748. We, again, are looking at Downtown redevelopment with the assistance of the Civic Center and without any cost to the taxpayers and I urge my fellow members of the Board to support the no consideration vote. Just for the economic development of Downtown would help lift the burden off the residential homeowners and increase of the Downtown property assessment. So, for that reason, I urge my colleagues to not support reconsideration.

Alderman O'Neil stated just a few brief comments. I don't believe this is a good deal for the citizens of Manchester, I think the verdict it out on how good a deal it is for the banks, I do think it's a great deal for Ogden and I will vote yes on the motion to reconsider.

Alderman Pinard stated just a quick comment and I've been following this for two years and some of this stuff in the meeting I had yesterday...the only thing that I dislike is this document from the bank and I'm not criticizing the bank, I think it's great that we see the banks working together. It's just the idea, as Alderman Shea says we get this at the last hour and I don't think that's fair. I think we should have a little more time to study this, ask questions, take all of the paperwork that we have and study it. I'll vote for reconsideration.

Alderman Vaillancourt stated a parliamentary point...we should not now be discussing the merits of the Civic Center, at all. We should be discussing the merits of reconsideration am I not correct.

Mayor Baines replied that is correct and I've allowed some latitude there, but you're absolutely correct.

Alderman Vaillancourt stated then I would suggest that the vote will be unanimous to reconsider because there's not a member of this Board, freshman or veteran Alderman who believes, in their heart of hearts that this was done properly. So, I suggest that the vote will be 14 to 0 to reconsider and then if you wish to go forward and wish to vote for the Civic Center, you can do that in the proper manner. But, you know that there are several problems. This motion, I believe it was going to be read and it was not read.

Mayor Baines stated it will be read when it comes back on the floor.

Alderman Vaillancourt stated I believe there are several problems with this motion and if it's not reconsidered it will cause the City to be in endless litigation. For one thing, there is a state law that one Board cannot bind another Board. We have probably broken that law. We can ask the City Solicitor about that and I would do that now.

Solicitor Clark stated the prior Board didn't break any State laws by taking the action it did, it has the right to authorize contracts. It is done in a manner similar every time the Board changes, the prior Board and the actions taken are legal.

Mayor Baines stated, Alderman Vaillancourt, I would ask that if this motion...proceed, I'm sorry.

Alderman Vaillancourt stated secondly, I would like the City Solicitor to explain the last four words in the motion..."as set forth above." I'm trying to do this to get a sense of whether it needs to be reconsidered or not by parsing it.

Mayor Baines interjected I understand, I accept that.

Alderman Vaillancourt reiterated..."as set forth above."

Mayor Baines stated let me read the complete sentence..."The Mayor is authorized to execute the amended cooperation agreement between the City and the Manchester Housing and Redevelopment Authority but the terms thereof are not to be implemented until the private financing is obtained as set forth above."

Solicitor Clark stated it is my understanding that that refers to the certification by myself and the Finance Officer that the financing is in place.

Alderman Vaillancourt asked would you read that specific clause.

Solicitor Clark read "Upon certification by the City Solicitor and the Finance Officer that the private financing is obtained, and in place, the City shall proceed with the acquisition of the site by negotiation or eminent domain and shall further proceed with the construction of the civic center project."

Mayor Baines asked, Alderman Vaillancourt, follow-up.

Alderman Vaillancourt replied no, it's another point. Is there not a federal law that says...I'm referring now to the role of the Manchester Housing and Redevelopment Authority and their involvement in this. Is there not a federal law that says they cannot be involved in redeveloping the same piece of property twice, no matter how many years it been a part.

Solicitor Clark replied I am not aware of that one way or another. I think Bill Craig who is Counsel to the Housing Authority is here and he can probably answer your question.

Mayor Baines asked, Mr. Craig, could you step forward please.

Alderman Hirschmann asked are we getting off the issue here.

Mayor Baines replied no, I think these are pertinent questions and I've always felt that we need to have all of these questions out there and then when it's done, it's done. So, I think it's appropriate, Alderman. Everything will not go, but it will go in accordance...I think it's appropriate questions, the parliamentarian is ruling that they are appropriate questions.

Attorney Craig stated there is no federal law that would prevent the Manchester Housing and Redevelopment Authority from taking the contemplated action.

Alderman Vaillancourt stated there is no law that says that a piece of property cannot be redeveloped a second time and this property having been developed the first time when I was back watching "I Love Lucy" in 1959 was it...there's no such law.

Attorney Craig reiterated that's correct.

Alderman Lopez stated I'd just like to make a comment...with all the doings and questions and meetings that I had with the Finance Officer and other people...and most important I'd like to just say that this has been a draining process for everybody from the top to the bottom and especially the lay people and I consider myself one. I asked for this job, so the buck sort of stops with 14 people sitting around a table, but I hope the people (after the vote) will be able to walk away and tip together whether it goes for or against. The people are who against the Civic Center have some very good points and I want to commend the Mayor for allowing all the questions from the Aldermen tonight without somebody really interrupting and shutting anybody off, I think...

Mayor Baines interjected so you're speaking on what part of the motion, Alderman.

Alderman Lopez stated that's all I'm speaking on right now.

Alderman Gatsas stated it certainly has been a very trying four or five days. Not having been involved in the initial process of the Civic Center my concerns were for the taxpayers. I can't tell you that the Ogden deal is a good one or a bad one. I don't think that any company is going to step forward to put a hockey team in to lose money, I don't think anybody is going to take that investment because if you look closely it's a \$3 million package to get an AHL franchise. So, I don't think that prudent business people are coming to Manchester to lose money. So, the due diligence that I took unto myself was to make sure that the taxpayer was not going to get hurt. My concern was with parking and if there was a shortfall. We got over that situation with a reserve account that is going to be put into effect. I can tell you that through numerous conversations with Mayor Baines, he's worked very diligently to get the information, I'm not happy with looking at an agreement in the eleventh hour based on a commitment letter, I don't think this project...obviously, the City...if you look at the commitment letter and I'm sure that people have read it out there...it's three days for the City to turn it around. By February 15th there must be a closing. I would think that \$12 million is an awful lot of money for lenders to make with not a lot of collateral. It's not like they have a position on the building. Their collateral position is based on "pouring" rights, box seats and "naming" rights. So, that injection of \$12 million...and we're not talking about a million dollars or two hundred thousand, it's a \$12 million parameter, they aren't going to make a loan that they don't think they're going to get back.

Mayor Baines stated so, you're arguing against reconsideration.

Alderman Gatsas replied correct.

Mayor Baines asked are there any other comments or questions before we proceed.

Mayor Baines called for a vote on the motion for reconsideration noting Alderman Pariseau requested that a roll call vote be taken.

Deputy Clerk Johnson stated the motion is for reconsideration of motion relative to the Report of the Special Committee on the Civic Center and once that is completed, if the motion is to reconsider and that passes then that will place the other motion on the floor and at that point we will read that motion for the Board.

A roll call vote was taken. Alderman Pariseau, Thibault, Hirschmann, Wihby, Gatsas, Levasseur, Sysyn and Lopez voted nay. Alderman Cashin, Clancy, Pinard, O'Neil, Shea and Vaillancourt voted yea. The motion failed.

Alderman Wihby stated some people worked hard out here... Jay Taylor, Bill Craig, Skip Ashooh, I know in Finance - Kevin Clougherty and Tom Clark and I know we have some professionals out there that we hired, but those five or six people, your Honor, carried this thing from the beginning and I just want to personally thank them and for the citizens of Manchester, thank you, and we're going to have a Civic Center.

Mayor Baines stated I appreciate Alderman Wihby's comments and I hope that we reaffirm those at the beginning with my comments because everyone has been very, very supportive and diligent in these responsibilities.

Alderman Vaillancourt stated I have in my hand an amendment that was dated 1920, Craig and Wengers, could somebody explain what this amendment's all about.

Mayor Baines asked, Mr. Craig, could you come forward, please. It's related to the parking agreement.

Alderman Vaillancourt stated I understand that amendments are to be offered and voted on, was this voted on.

Attorney Craig replied first of all it wasn't drawn by Craig and Wengers, Alderman Vaillancourt, it was prepared by the representative of Ogden Entertainment and as I understand it it makes it better for the City as far as the parking revenue is concerned and that's about all I know about it. As far as the amendment itself and the Ogden Agreement... under the terms of the Cooperation Agreement between the City and the Authority, this agreement can be amended so long as it meets the parameters, the so-called 12 bullets.

Alderman Vaillancourt stated just so it doesn't seem like I just invented something out of thin air it does say "Craig and Wengers" at the top, is that correct.

Attorney Craig replied that is right, it was typed by our office, but it was not prepared by our office.

Alderman Vaillancourt stated so you're saying this is an amendment to make it better which would imply that it's not good as is, is that the way I parse this language now.

Attorney Craig interjected no, you're misinterpreting that.

Alderman Vaillancourt asked what's the purpose of the amendment.

Mayor Baines stated it's my understanding that contractual matters are within the purviews of the City Solicitor's Office and others involved with the contractual aspects of this arrangement and this is what this is, but I'd like to turn it over to Mr. Clark right now for comment.

Solicitor Clark stated this particular document was discussed with Ogden and the City's financial consultant to provide the City with a added layer of protection on the parking agreement.

Alderman Hirschmann stated as a motion of good faith I was going to recommend we vote on this because this may be (in Alderman Vaillancourt's eyes) not part of the reconsideration, so as a show of good faith why don't we vote to adopt this and make that motion, your Honor.

Alderman Vaillancourt interjected I'll second that motion.

Mayor Baines stated I haven't accepted a motion yet, but, Mr. Clark, necessary in terms of negotiations being an opportunity to amend it further would that be restricted at that time.

Solicitor Clark replied it might be, I don't think there's a need to vote on it tonight. As you are aware the negotiations between Ogden and the City, the banks...have been in a fluid state to make sure that they all meet with the bank's commitment.

Alderman Hirschmann stated I'll withdraw my motion.

Alderman Thibault suggested why don't you send it back to the Civic Center Committee for review.

Mayor Baines stated if you want to send it back to the Civic Center Committee for review.

Alderman Thibault moved that it be referred to the Special Committee on the Civic Center.  
Alderman Pariseau duly seconded the motion for discussion.

Attorney Craig stated if you're going to do that may I also suggest that you send Alderman Thibault's amendment back; that I did personally draw and I think this one is all right as is, but if one is going back, I think both should go back.

Mayor Baines asked the Clerk to read the motion.

Deputy Clerk Johnson stated it's my understanding that a motion has been made and seconded; that there was an amendment that was passed out to the Board that has a fax above that reads Craig and Wenners; that there is also an amendment that was proposed by Alderman Thibault with regard to a surcharge being placed on the tickets and my understanding is both of those are being referred to the Special Committee on the Civic Center.

A roll call vote was taken. Aldermen Vaillancourt, Cashin, Clancy and Shea voted nay. Aldermen Pariseau, Thibault, Hirschmann, Wihby, Gatsas, Levasseur, Sysyn, Pinard, O'Neil and Lopez voted yea. The motion carried.

- 24.** Notice for reconsideration of motion relative to the Police Station as follows:  
"To allow the Police Department to proceed with the process."

Such notice having been given by Alderman Hirschmann, a member having voted in the minority.

(Note from City Clerk: Pursuant to Rule 10 motion for reconsideration can be made by Alderman Hirschmann or any member having voted in the majority. Votes recorded on the original motion as follows: Aldermen Wihby, Klock Reiniger, Sysyn, Clancy, Pinard, O'Neil, Shea, Rivard and Thibault voted yea. Aldermen Girard, Pariseau, Cashin, and Hirschmann voted nay.)

Mayor Baines asked, Alderman Hirschmann, do you wish to make the motion for reconsideration at this time.

Alderman Hirschmann replied having had the public hearing and the concerns have been met of the neighborhood and that plan has been withdrawn, I don't need to reconsider this, your Honor.

Mayor Baines asked, Solicitor Clark, the question would be since there is a motion that was passed by the previous Board to allow the Police Department to proceed with the process, is it necessary since the Police Department has served notice that they're not going to proceed with that plan...is a motion for reconsideration still in order.

Alderman O'Neil moved that item 24 be referral to the Committee on Lands & Buildings.

Alderman Pinard duly seconded the motion.

Alderman Vaillancourt stated...point of order. I don't think you can refer something anywhere unless you reconsider it first.

Solicitor Clark stated there is nothing wrong with reconsidering it and then referring it.

Mayor Baines stated the advice of the City Solicitor is that there needs to be a move for reconsideration and then referral to the Committee, is that correct and asked that someone move for reconsideration of item #24.

Alderman Wihby moved to reconsider the previous voted taken relative to item #24 relative regarding the Police Department. Alderman Levasseur duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines called for a vote to refer item #24 to Committee. There being none opposed, the motion carried.

**25. Ordinances:**

"Amending Sections 33.024, 33.025 and 33.026 (Conservationist) of the Code of Ordinances of the City of Manchester, NH."

"Amending the Zoning Ordinances of the City of Manchester by extending the B-3 (Highway Business) zoning district to include land of Manchester Executive Center Associates (TM 757, Lot 2A & 2B), currently zoned R-1B (One-family Residential) and having a total area of approximately 10 acres."

"Authorizing the Mayor to Dispose of Certain Tax Deeded Property Known as James Pollock Drive, Map 579, Lot 83."

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

These Ordinances having had their third and final readings by titles only, Alderman Sysyn moved on passing same to be Ordained. Alderman O'Neil duly seconded the motion. There being none opposed, the motion carried.

**26. Resolutions:**

"Amending the 1999 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred and Twenty Thousand Dollars (\$120,000) for the 1999 CIP# 610899 Webster House Renovations Program."

"Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of Six Thousand Dollars (\$6,000) for the 2000 CIP Project 710300 LED Replacement Program."

"Authorizing the Finance Officer to effect a transfer of Seven Thousand Five Hundred Dollars (\$7,500) in line item 0903 (Contingency) be transferred to the Alternative School Committee."

On motion of Alderman O'Neil, duly seconded by Alderman Wihby, it was voted that the Resolutions be read by titles only, and it was so done.

Alderman Pariseau moved that the Resolutions pass and be Enrolled. Alderman Hirschmann duly seconded the motion. There being none opposed, the motion carried.

**27. NEW BUSINESS**

Communication from Pamela Diamantis submitting her resignation as a member of the Manchester Development Corporation.

On motion of Alderman Pariseau, duly seconded by Alderman Thibault, it was voted to accept the resignation of Pamela Diamantis with regrets.

Alderman Hirschmann stated just one thing that all of us should pay attention to in the future and I think you'll be respectful of this. I noticed I got minutes of the Airport Authority minutes and minutes of the Police meetings. It always says no public input. Well, guess what the public's never been told when or where they're having a meeting. So we have to let the public know where the Airport Authority is having a meeting, where the Police are having a meeting because people do want to go and express a concern.

Mayor Baines asked how does that communicate to the public.

Solicitor Clark stated under the Right to Know Law they are posted.

Mayor Baines asked can we submit those meetings to public access. Why don't we start doing that.

Alderman Shea stated we have different committees and what I'm proposing as a policy is that every member of every Committee vote; that includes the Chairman as well as the others. I think in certain instances the Chairperson or the Chairman chooses not to vote. So, I'm making a proposal that if we have Committee meetings that all members of that Committee vote, including the Chairman vote.

Alderman Hirschmann stated it's the prerogative of the Chair.

Mayor Baines stated if there's no second, we need not discuss it any further. Is that a motion.

Alderman Shea moved on his proposal. Alderman Vaillancourt duly seconded the motion for discussion.

Alderman Wihby stated as Chairman of the Committee you decide the way you want to do it and if you're a Chairman...you vote or you don't vote, it's up to the Chairman. Normally, the Chairman only votes in place of a tie, but.

Alderman Pariseau recommended that it go to the Administration Committee, your Honor, if they're going to set policy, let them look at it and see what they come up with.

Mayor Baines asked what would be the procedure.

Deputy Clerk Johnson replied you could ask for a motion to refer the matter to Committee, if the Board so desires.

Alderman Shea moved that his proposal as referenced above be referred to the Committee on Administration. Alderman Pariseau duly seconded the motion.

Alderman O'Neil stated I just don't see a need to. I think it's traditional that the Chairman only votes to break a tie.

Mayor Baines called for a vote on the motion. By voice vote, the motion failed.

Alderman Vaillancourt stated I wasn't going to bring this up, but since Alderman Hirschmann brought up the minutes of the Airport Authority, I feel obligated to broach the subject. As you know, I represent Ward 8, home of the Airport, that vast economic engine of growth that will power the City forward and pay for the Civic Center, perhaps...and I have contacted my colleague Alderman Shea and Alderman Pariseau to express the concern I have with them. At the November meeting of the Airport Authority and I did speak with Patrick Duffy he told me for the first time in 10 years there was not a quorum. I realize the previous Board of Mayor and Aldermen discussed the absence of one particular member of the Authority, he continues not to show up at these meetings and I as an Alderman from Ward 8 believe that it's absolutely essential that we have public citizens who are going to attend the meetings. Now, if somebody is ill, if somebody is sick, I can see why they are not there, but if time-after-time-after-time six months in a row people can't make a meeting, it's time to get somebody that will represent the public.

Mayor Baines stated the only thing I would say that we did discuss that and I said I would be dealing with that situation.

Alderman Pariseau stated that the gentleman he is referring to did have a serious illness and it's legit.

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

Mayor Baines called the meeting back to order.

Alderman Pinard moved to approve the tentative AFSCME Master Contract, subject to Rule 26 of the Board. Alderman Thibault duly seconded the motion. The motion carried with Alderman Wihby duly recorded as abstaining.

Alderman Wihby moved to approve the tentative Educational Support Personnel Association Contract, subject to Rule 26 of the Board. Alderman O'Neil duly seconded the motion. The motion carried with Alderman Shea duly recorded as abstaining.

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

A True Record. Attest.

City Clerk