

**SPECIAL JOINT MEETING OF THE
BOARD OF MAYOR AND ALDERMEN
AND
BOARD OF SCHOOL COMMITTEE**

October 22, 2002

6:15 PM

Mayor Baines called the special joint meeting to order.

Mayor Baines called for the Pledge of Allegiance, this function being led by School Committee Member Kacavas.

A moment of silent prayer is observed.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Guinta, Sysyn, Osborne, Pinard, O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Thibault and Forest

School Committee Members O'Brien-Thayer, Donovan, Herbert (late), Labanaris, Gross, Kacavas, Kelley-Broder (late), Paradis, Beaudry, Cote, Ouellette (late), and Perry

Absent: School Committee Members Stewart and Healy

Mayor Baines stated we do have several members from the sending towns, officials, school board members and also central office personnel. If you could just stand and say who you are so that we know that you are here tonight. Thank you very much for joining us. I would now like to introduce Brad Cook who will give us an update on where we are with the tuition agreements.

Mr. Cook stated it is good to be here as always. It is my pleasure to have the opportunity to tell you where we are on the negotiations with the surrounding school districts for a contract for the high school tuition students in Manchester. I think a little background to bring everybody under the same sheet of music would be appropriate. For many years as you know the towns of Bedford, Hooksett and Candia sent all of their high school students to high school in Manchester. The towns of Auburn and Deerfield sent students to Manchester among other schools and several years ago all Auburn students began attending Manchester Memorial High School when other options were closed to them. Because of the fact that Manchester school facilities are fully depreciated, the tuition cost for sending students to Manchester is among the lowest in the State. The existing tuition agreements, which we have had for some time, have been in technically the last year of the agreement for many years. When it was in the last year of the agreement it meant that two years notice was

required to terminate the agreement. Neither the sending districts nor Manchester could plan appropriately for facilities or for numbers of students or for much of anything when we were within two years of either party giving notice to the other party that these agreements could be terminated. For that reason and not because we wanted to get rid of tuition students, in May of 2001 the School Board voted to terminate the existing agreements effective at the end of the 2002-2003 school year or at the end of school next June. That gave us an opportunity to negotiate new agreements on a longer term basis so we and they could plan for facilities and for education. Negotiations began a year ago this past summer for a contract with all of the parties represented and we offered the initial contract to the surrounding towns in November of last year. Concurrently and to make the process more interesting, the towns were considering other options for their students as you all undoubtedly recall. The result of those, put succinctly, were Bedford vote against the new high school proposal; Auburn voted against the four town Rockingham Cooperative High School proposal; Candia voted against the three town Rockingham Cooperative High School proposal; Deerfield voted for both Cooperative High School proposals but when they failed has pursued a long-term contract with Concord and withdrew from our negotiations so we are no longer negotiating with Deerfield. Hooksett did not have any high school proposal before it to vote on. The Manchester School Board voted to pursue a longer term contract since it believes that having Manchester as an educational center is good for Manchester and good for the surrounding towns. This is primarily an educational reason. It is not an economic reason. A few base statistics are important for you to understand and remember as well. The total tuition income for FY03 is estimated to be over \$11.5 million. School District officials estimate that approximately 70% of that pays for fixed costs, which would remain if tuition students left. The regular education student tuition for the current year is estimated to be approximately \$6,500 a student. That is still very low compared to any other tuition rate in the State. It is interesting to note that the rate quoted in the negotiations between Deerfield and Concord recently in the *Union Leader* was \$8,200 a student from the outset. Estimates of cost per student in some of the high school proposals last year in some of the sending districts were as high as \$12,000 per student. The present estimate for the number of school district students from sending districts this year is 1,780 students. That is the background of where we are. The status of our present negotiations are that we are continuing to negotiate the second proposed agreement and I am happy to say that the people with whom we are negotiating all have some common characteristics with us. Their primary interest is the education of their students in a quality environment and safe school. They are interested in a serious contract, which they can present to their people as we can present to you and that together we have the best situation that we can. These negotiations have been business-like. They have been very cordial. We have all gotten to be, if not friends, at least very respectful of each other and I appreciate their attitude very much. Since the new Superintendent has arrived in Manchester, he and his staff have taken over much of the detail of the negotiations because much of the things that are in one of these tuition agreements are technical, such as the details of special education and other things, which very frankly the professionals know more about and are somewhat complex and all of the administrators that

have been involved deserve all of our thanks. Highlights of the agreement that we are discussing are as follows: we are discussing a 20 year agreement with mechanisms for any part to give notice of termination with enough lead time for the other party to plan intelligently. If we terminate the agreement it is five years and if any town wishes to withdraw it is three years. The contract has a mechanism in it for payment of a prorated portion of renovation costs by the sending districts and payment for the cost of additions with the requirement that any party which notifies the other of termination has to bear the capital cost burden over a defined period of time. That matter continues to be negotiated. The concept, however, is that if capital costs are incurred to accommodate students from the tuition towns, as well as Manchester, and should be paid equitably by them and us. The contract contains the right of sending towns to have input into the educational process and system and decision-making much greater than they had previously on three levels - building level policy committees, committees of the School Board and the full School Board. Those kinds of input vary. The sending districts have asked for assurances of certain standards of education be provided. They want assurances of appropriate special education services and access to it. They have asked for assurances that their students be assigned to schools on a predictable basis and that matter continues to be refined and discussed. I am happy to report as I said earlier that these discussions are going well. I believe we probably have arrived at agreement on 90-95% of the language. Several of the issues that remain, frankly, are dependent upon the results of the design-build bid process and what the costs will be because while it is rather easy to calculate the operating tuition costs by formula, it is very difficult to say to someone just sign my agreement and I will tell you what the price is later. Until we have a price that we can discuss, we are somewhat at a hiatus in the negotiations except to firm up language because without knowing the actual costs it is difficult to know that. I know the Highway Department is going to update you in a couple of minutes on the process of those contract situations. Something that is important that you should understand is that counsel for the sending school districts, and they all have the same counsel, has advised them that because this is a 20 year agreement after it is agreed upon they will have to bring it to their voters at the school district meeting in March for approval. So that is part of the process that we are dealing with. On a personal level I want to thank everyone for the cordial and cooperative way that they have participated in this process. This really is about education. It is very rewarding to see how interested the Manchester participants and the sending district participants are about what happens in our high schools and the quality of the high schools. I didn't undertake this for no pay because I thought it was just a frivolous thing to do. I think it is one of the most important things going on in Manchester and successfully resolving this contract is probably as important as anything we are doing. We all look forward to the bids on the capital projects so we can wrap this up. I really don't want to go into great detail on the individual negotiating points and who has what strategy and who has taken what position at any moment because these are complex negotiations but if there are any reasonably general questions I will be glad to answer them.

Mayor Baines stated first of all I would like to indicate that Committee Members Herbert, Kelley-Broder and Ouellette are now part of the meeting as well.

School Committee Member Paradis asked is there not a member from the Bedford district here this evening to look at what is presented.

Mr. Cook replied I can't say because I can't see behind me.

School Committee Member Paradis asked as far as you know, no.

Mr. Cook answered as far as I know nobody is here from Bedford.

Alderman Lopez asked Mr. Cook could you just give me an example of this 20 years and 5 years and maybe give some figure that if they were obligated for \$10 million for 20 years and then at the end of five years they wanted to get out and build their own school...could you just elaborate a little more on that so at least I understand what we are talking about.

Mr. Cook answered the contract, as proposed, is a 20-year contract. It is broken into several component parts of the 20 years. If notice is given at certain times within that time period, it depends who the notice is given by very frankly. If we give them notice, as much as it would be nice if you could have a tenant in your apartment building and make them keep paying the mortgage after you evicted them, they don't take kindly to that attitude so if we ask them to leave with five years notice, they obviously don't have to continue to pay that cost. If they give us notice, one of the things that we are still discussing frankly is how long and how deeply into the 20-year portion of the contract they would continue to have to pay. That is not presently resolved. As proposed in the second contract that we offered to them, which is public knowledge because it was in the newspaper at the time we did it, we said that if they gave us notice at certain intervals they would have to pay one five year trailing period after they left of those costs. They have made counter proposals and we have continued to discuss this and I think frankly the final resolution of that will come out to what those costs really are.

Alderman Shea stated I hesitate to ask this because you mentioned you don't want to go into it too deeply but would a sending high school have to pay for costs whereby a student would not necessarily attend that high school. You may not have to go into it, but let me explain. Right now most of the students that come from Bedford go to West High School and the students that come from Hooksett go to both Central and West. There is a possibility that maybe the Hooksett students would go to Memorial and there are going to be renovations there. There is the possibility, of course, that the students that come from Bedford would go to Central or Memorial because of predictability. Would the cost incurred by the design-build project necessitate, however, the Bedford students or the Bedford community or the

Hooksett community being responsible for the total amount of the cost of this particular project?

Mr. Cook replied the concept that we have discussed has been that just like people in Manchester whose children go to Memorial come from one part of town and pay for the high schools in the whole City, the sending districts would share in the capital costs, however they share in them, of all of the capital costs and not only of the capital costs of the schools to which their students go because we are all in it together.

Alderman DeVries asked has there been any prioritization on the improvements, meaning within the contract will we need to take care of one high school over another or is there flexibility.

Mr. Cook answered my presumption is that if we come to an agreement that is the question that is going to be asked. I don't see too many other options on their plates and if their school boards are happy with the contracts we agree on I assume they are going to be proposed and passed. If they are not passed in one or more of the districts then we are going to have to consider how many students we have and look at the contract. My presumption right now is if we come to an agreement that agreement is going to stick but they have been advised that because it is a 20 year agreement while this is a contract and contracts are usually within the purview of the School Board to negotiate and sign that this is bigger than that to them and they should go to the school district voters to get a vote on them. It is just like when the Aldermen have to vote on a capital project in the City.

Alderman Garrity stated this is more of a procedure question. Who has to approve the tuition agreement? Is it both the BMA and the Board of School Committee or is it just the Board of School Committee?

Mr. Cook replied the Board of School Committee.

Alderman Garrity asked but we have to approve the capital portion.

Mr. Cook answered yes.

Alderman Smith stated my question is I know you are in negotiations but when will the contracts be finalized because we are going into an eight year program on school funding and we have to get an answer shortly.

Mr. Cook replied as I said earlier, Alderman, this is a very complex set of negotiations. We have somewhat of a chicken and an egg issue, which we have discussed with Highway. They are going to come in with bids...they understand because we have been coordinating with them and they understand the timing situation. They will come in with bids and on the

basis of those bids we are going to have to finalize the contract because we will know what the costs are then the towns have to go to their school district meetings in March to find out if they are going to be approved. When they are approved then I would assume the contract becomes final because we will know what size we need.

Alderman Smith stated according to the reports I read, over $\frac{1}{4}$ of the students are tuition students. Am I correct in that? It is over 25% of our population in the secondary schools?

Mr. Cook replied with 1,700 and whatever number I gave you. I don't have the total number in front of me so I can't tell you that.

Alderman Garrity stated I realize we don't have a tuition agreement in front of us but can you go through the five-year...now let's say Hooksett or Bedford decides to get out in five years. How long are they going to be responsible money wise for the contract? Has that been settled yet?

Mr. Cook replied as proposed as I answered Alderman Lopez's question, as we proposed it to them and we are still discussing this, they would be responsible for payment and this is not yet agreed on so be clear on that but as we proposed it to them they would be responsible to pay the capital costs for one five year period trailing the one after they left. In other words if they stayed for five they would pay through ten. If they stayed for ten they would pay through fifteen but that is still being negotiated.

Alderman Gatsas stated welcome back, Mr. Cook. Obviously I believe right now the surrounding communities are preparing their budgets sometime in November.

Mr. Cook replied they begin their budget process in November, yes.

Alderman Gatsas stated so if you don't get them some sort of agreement by November don't they need some 60-day lag to get that to the voters.

Mr. Cook replied well they can pretty well predict in a budget what the tuition costs will be in the next year based on the fact that we are not going to have any capital program in place with bonds that are being paid during the first year because there is some lead time after a contract is awarded to float bonds to build things and actually have the capital costs incurred. Until the capital project is in place and those costs begin to be paid, they are not going to incur the capital portion of that. So the operating tuition portion, which is defined pretty much on a formula just as we defined it today will be the one going forward so I think they will be able to estimate the costs fairly predictably.

Alderman Gatsas responded my question is don't we have to get them some sort of number that they have to look at for the extent of the entire contract for the first five years or the first

ten years that they are going to be in. If they are going to pay for five trailing once they leave, they are going to have to know that number during this budget process and be prepared to have it as a gross number in front of their voters.

Mr. Cook stated before they go to their voters in March they will have a cost pretty well calculated on what it is going to look like because we will know what the capital cost is. That, in fact, is what we are waiting for so we can do that so they are buying something with a known cost. The minute, well not the minute but shortly after we get the bids they will then be able to go calculate that. That is a different issue from what they include in their budget because they do a budget on a year to year basis. Believe me I am not an expert on local town or school district budgeting.

Alderman Gatsas replied no but that gross number would have to be in front of...as soon as they appear with a vote or if they sign your contract it is really not payment for five years, it is payment for ten because they are paying for five trailing if they leave. So the gross number, let's use round numbers and say it is 1,000 students at \$10,000 per person. We know what that number is and if it really for a ten year out number that is what they are going to be responsible for.

Mr. Cook responded right.

Mayor Baines asked Superintendent Robert Suprenant to come forward.

Superintendent Suprenant stated I think what you are asking is a timeline question in terms of satisfying a negotiated deal for our process. Probably of greater concern to us is we have to post warrant articles for our publics and one of my towns, Hooksett, is an SB2 town and that is a more aggressive budgetary process. For us so for us to do our proper posting of warrant articles we are probably going to have to have negotiated a completed settlement for that part of the process by mid to late December. In terms of dollars for a negotiated settlement, we can always put a placeholder in our budget to get us up to early to mid-November until we have to do those appropriate postings.

School Committee Member Kacavas stated first of all, Brad, I want to thank you for all of the time and effort that you are putting in on our behalf in negotiating these contracts. Let me ask you, though, about the input that you mentioned that these tuition sending towns would expect to have on the Board of School Committee and committees of the Board of School Committee. What kind of policy making input do these contracts contemplate?

Mr. Cook replied as I said we have three levels of input that we have discussed. We have discussed creating a building specific policy and program committee so that there would be a Central High School committee, which very frankly a lot of educational people think we ought to have anyway whether we have tuition towns or not, which has parents, students,

school board members and various folks on which they would have input. They would have input on certain committees of the School Board when that committee was discussing high school projects. The problem when you talk about governance is, as you are finding out, the committees talk about things across the board and not just high school issues and we are not creating a special high school committee. When the committees were discussing high school issues or high school policies, they would have input to be there and talk about those issues. They would have the right to have a non-voting representative at the full Board who could comment on what was going on to the extent that needed to happen. We have not spoken in terms of numbers that given the size of our Boards, even if they had votes would have any particular effect on it and we are not talking about votes on the School Board. We are talking about some voting input at the committee level but we are not talking about votes on the School Board. There were three places where there would be people who would be identified and you would know who they were who could discuss the policies and what is going on so issues could be raised by them.

School Committee Member Kacavas replied just so I am clear, it is contemplated that there will be voting participation at the Committee level but not at the full BOSC level.

Mr. Cook responded correct.

School Committee Member Herbert stated I have a question for Superintendent Suprenant. Regarding the vote in March and you mentioned a placeholder in your budget that presumably you will have a number in time for the voters in March, is that an operating budget placeholder? That is not a capital expenditure placeholder. That is in your operating budget right?

Superintendent Suprenant replied it depends on the town. One of our towns, Candia, traditionally has high school tuition as a separate warrant article.

School Committee Member Herbert asked and in Hooksett that is not the case.

Superintendent Suprenant answered in Hooksett it is part of the operating budget as it is in Auburn.

School Committee Herbert stated the attorney's advice to you in reference to putting it up to the March town meeting, when he gave you that advice is it your understanding that the reason for that was because the voters would be told some portion of a bonding commitment. Is that his reasoning or is it just the simple fact that tuition agreements in one or more towns go to a vote?

Superintendent Suprenant replied I think it is as much the magnitude of this agreement as it is the length and the bonding of this particular issue. I am not so sure Manchester residents

realize how much concern was created by the termination of the agreement with the populations in the three sending towns. It raised a great deal of concern with the publics in those communities. I think the school boards are committed to giving those particular publics an opportunity to discuss and ask questions about a proposed high school tuition agreement. I think that they feel they owe that to their electorate and they are committed to doing that. Frankly I feel that the legislative bodies of those particular towns will act positively on the recommendations of their school boards and those recommendations will obviously weigh a great deal in terms of how committed the boards are to those particular agreements and how favorable they feel they are to continuing the high school arrangement.

School Committee Member Herbert stated so it is your understanding that one of the obligations we have to the voters of the surrounding tuition towns is that we will at that point have a dollar amount commitment and that is what should be part of the information that they receive in March.

Superintendent Suprenant replied absolutely.

School Committee Member Beaudry stated my question would be a little bit like what Alderman Gatsas was I think trying to find out. I will use Central for an example because it seems like that is going to be probably the biggest renovation. If we put a \$20 million project at Central and I am using hypothetical figures, and Hooksett decides to get out in the five year span, do they pay the capital costs of the project to date or do they have to pay for the whole capital cost of that project?

Mr. Cook replied under the last proposal that we made and as I have said several times this is not yet agreed to by both sides, they would pay...there is a trigger date prior to several periods of time in the contract. If they give us notice on one of those trigger dates as proposed they would terminate three years later. When they terminated three years later they would owe the capital costs for one more five-year period thereafter. So, obviously the first trigger date is before the fifth anniversary. The shortest period of time would be under our proposal that they would pay through the tenth year.

School Committee Member Beaudry stated what I am trying to find out though is would they pay the total amount of the capital costs or would they pay for what has been already accomplished. Say we have a \$20 million bond but only \$10 million of the project has been fulfilled. Do they pay for the \$10 million or would they have to pay the total \$20 million?

Mr. Cook replied the way the contract reads they would pay for everything that had been committed at that time, not necessarily everything that had been done but everything that had been committed at that time.

School Committee Member Paradis stated it comes June, the end of June, and the towns have voted not to accept our proposals. What do we do now with the towns that have been participating with us like Hooksett and Bedford and so on? Do we give them another year or another two years as Superintendent Suprenant mentioned? Right now we are at the end of October and I think negotiations have gone on for so long...it seems like it has been going on for five years. I know it hasn't been but I am sure it is long for you, also, Brad but what happens then? Also, another question I have is when you say they have some vote on the building committee...

Mr. Cook interjected do you want an answer to the first question.

School Committee Member Paradis replied yes please.

Mr. Cook stated the answer to the first question is I don't think that is going to happen if we get an agreement but that will be up to the School Board and the sending districts to decide. The options obviously are that there be a short-term extension until they can figure out something else to do. That would be one option. We could continue to negotiate and try to add them to the agreement again after they have considered their options or the School Board could say we gave them notice and the contract is terminated, which I frankly think would be a very awkward thing to do given that these students who have been with us for a long time have no place to go. I really don't contemplate that happening and on the issue of how long negotiations have been going, we all think on all sides, every party that is at the negotiations that they have taken a long time but it is not possible to finish these negotiations until we have numbers. We can't say to people oh trust me it is somewhere between \$60 million and \$100 million. That is not the kind of price differential that most people signing a contract want to do so we have to have the numbers and there is nobody that is happy that it has taken this long but as Mr. Clougherty will tell you in a few minutes it is a very, very complex process to come up with bids.

School Committee Member Paradis stated the second question I have is the votes on the...when you say the surrounding towns would have votes on the building committee and not on the full board...

Mr. Cook interjected I didn't say the building committee. I said on certain committees when they are talking about high school issues they would have some voting input.

School Committee Member Paradis asked is this in the future.

Mr. Cook answered after the contract is passed.

School Committee Member Paradis stated we talked about that at one of the meetings a couple of months ago. So these votes...surrounding towns would have some type of a vote like half a vote or ¼ of a vote, whatever, but they would have some type of vote on the School Board committees but not on the full Board?

Mr. Cook replied certain committees when they are talking about high school issues but not the full Board. That is what I said.

Alderman DeVries stated within the design-build concept should there, and I realize our exposure to this should be limited because it is design-build but should there be any cost overruns or a change of scope of services after the capital amounts have been determined contractually is there going to be any allowance for the sending towns to pay that fair distribution of any additional costs or is that going to be on the shoulders of Manchester.

Mr. Cook replied I would prefer not to get into the details of the sub parts of the sub parts of how the thing reads at this point. We are accommodating an agreement on how the costs that are actually incurred for building the buildings will be allocated.

Alderman Osborne asked, Mr. Cook, the price now is \$6,500 per student.

Mr. Cook answered approximately. It hasn't been finally calculated and billed yet but that is the estimate.

Alderman Osborne asked over a 20 year contract is there any stipulation about increases over that 20 years.

Mr. Cook answered the \$6,500 you have to understand is the operating budget tuition. There are several components to the total tuition that will be paid and because the buildings in Manchester are almost entirely depreciated, the high school buildings, so that there is no capital component in the costs particularly of what we are charging now which is why our cost is so low, the operating component will stay the same. We will add to the operating component a capital part. The operating component gets changed every year and gets calculated every year under a formula that is consistent with State law and supervised by the powers that be and comes as a result of those MS forms that get sent to Concord. That is not a set amount. We don't put that in the contract as an amount. We put the formula on how it is calculated in there. It will go up as it has gone up continuously as the cost of education goes up. It is the capital component that will be a known factor that will be in addition to that.

Alderman Osborne asked is this in a percentage.

Mr. Cook answered it is not a percentage. The best way to explain it is it is the operating cost of running the schools divided by the number of students equals the cost per student. Whatever that is in a given year, it depends on how many students there are, it depends on how many students come from the town, it depends on all sorts of things but that is a number that continuously changes and is different every year.

Alderman Gatsas stated in the sending communities, would it be an option of the Selectmen to put that tuition on the ballot as a separate warrant article rather than a capital budget article. Could they put it in as a separate warrant article by choice?

Superintendent Suprenant replied the Selectmen aren't involved in any of the three towns. Two of my towns are municipal budget act communities. One is an SB2 town, the town of Hooksett. Auburn is a municipal budget act community with a budget committee. Candia is a traditional town without a budget committee. Candia chooses to place a separate warrant article on its ballot for the voters to annually decide on high school tuition. They simply do that as a matter of practice and precedent. The other two communities include it as part of their operating budget. Would they have the option to place the number, the cost as a separate warrant article? I think they probably do have that option. I don't think they would choose to do that. They would probably at this point choose to have a separate warrant article asking the voters if they are interested in entering into a long-term tuition agreement with Manchester. I think that will be the wording of that particular warrant article.

Alderman Gatsas asked what about Bedford.

Mr. Cook answered Bedford's process and what Bedford has been advised is exactly what Superintendent Suprenant said. The question that they have been advised to put on the ballot, as I understand it, is are you in favor of entering into the long-term agreement with Manchester as proposed or something to that degree and then that will be described by them. It is not because it is a capital project; it is because it is a long-term project because they are not floating any bonds. The City of Manchester is floating the bonds. The contract obligates them to pay a portion...as part of their cost they pay a portion of the cost of paying for those bonds but they are not floating any bonds and they are not incurring a capital project per say. It is the length of the contract that is the reason for the advice they got on putting it on the ballot.

Alderman Lopez stated I just want to make sure...you triggered something when you said that they are only committed to that portion. I think one of the questions was \$10 million and they will only be committed to that portion if they decided to leave. If we as the Aldermen have to approve a \$60, \$70 or \$80 million project and according to the Finance Officer this is over an eight year period and we only spend \$20 million the first three years and we have committed to the project so just so I understand you correctly then if those

towns wanted to get out they get out with only that particular commitment that has been spent. Is that what you were saying?

Mr. Cook replied as I understand it and the next group are the experts on this subject but as I understand it the first component of the project that is going to come in and is going to be committed is going to spent is the high school part. Remember that the only part that the sending towns are involved in is additions and renovations to high school because we don't have tuition students anywhere but high schools. That is going to be the first component of the major project. While the whole project may take that length of time, the high school portion, as I understand it, isn't going to take that length of time so we are only talking about focusing on the high schools.

Alderman Pinard stated I am just listening because I think that this is a very important issue for the citizens of the City of Manchester because we are looking at a lot of money. We are looking at a hard time ahead of us because we are faced with a hard time right now so I think that it is best to listen to the pros and then make up our mind.

School Committee Member Gross stated one of my concerns is back to timeline and the chicken and the egg that you were talking about. I assume that the design-build is going to come to us first and the City of Manchester first and we are going to decide to either pass it or not. Now if we decide to pass it, is it proper to put provisions in there for changing it should the surrounding towns not pass their end and if so, how would we do that and would it be based upon some districts approving and some districts not approving? How does the City structure their end of this design-build because it has to be voted on by somebody first and I assume it is going to come here first.

Mr. Cook replied there are several aspects to that question. The sending districts, I think it is fair to say, are predicating their acceptance of this contract on renovated and higher capacity schools. We all know that our high schools are overcrowded. If the Aldermen in their wisdom were to turn down the project at the high schools, I am sure the sending districts while they are sympathetic don't care much about what we do to the middle schools and the elementary schools. If they were to turn down the high school portion of the project then I think somebody else would have to do some negotiating with somebody else about what was going to happen in the future. We are all predicating this on the fact that the members of these boards all saluted the idea that we had to do something for our schools when they ran for office. What would happen if some approved and some didn't approve and how it fits into what would be built and what wouldn't be built, I would defer to Mr. Clougherty.

School Committee Member Beaudry stated my concern would be, for example, we pass this as a City based on the fact that Bedford, for example, is going to continue and their voters decide not to and Auburn decides to...what percentage of the project do we do. Do we do this whole project and who pays for it?

Mr. Cook replied my understanding as I answered one of the prior questions was that the timeline of approval and actually signing the contract with the contractors to start the construction will make the effectiveness of the contract dependent on those towns having voted for it. I don't think we are going to sign...I wouldn't assume that the Aldermen are going to vote to sign something before they know whether the customers are coming.

School Committee Member Kelley-Broder stated that was partially part of my question. What my concern is we wait on the design-build and we don't get a tuition contract, do renovations start or are they on hold?

Mr. Cook replied I don't think anybody anticipates the renovations or the construction is going to start during the school year anyway because you have a certain building schedule that has to integrate with when students go to school and Mr. Clougherty can comment on this but I think that has all been thought of in the timeline of when things are going to be signed and when spades are actually going to go in the ground.

Alderman Shea stated my question is am I clear on this. You meet, Brad, with different representatives from different communities. There is, let's assume, an agreement committee wise. Is that then sent to the voters for their approval or does the committee representing Bedford, Hooksett, and whatever other community might be involved here have the go ahead?

Mr. Cook replied it is a good question because it is a very complicated approval process as well as a complicated negotiating process. We are negotiating with representatives, everybody at once in one room. If we come up with a contract that we can all agree upon, the Manchester negotiators take it back to the Manchester School Board for approval. Bedford takes it to the Bedford School Board and each of them take it to a school board. Superintendent Suprenant gets to go three times. Each of those school boards, assuming they recommend it to their voters...Manchester School Board has the right to approve it from a Manchester perspective. You folks do the capital project and obviously people are talking to each other hopefully about how they integrate. You get the capital project and the School Board gets the contract. If the School Board votes for the contract, Manchester said yes from its side. The Bedford School Board, for example, gets it and they vote for it but then they take it to their voters in March. Until their voters vote for it, it hasn't been approved because of the advice they got from their attorney. After all of those towns voters have voted for it, then it is finally approved.

Alderman Shea asked is that the same as in Hooksett or is Hooksett a little different.

Superintendent Suprenant answered it is the same. The voting process is just a little bit different in Hooksett. It is a closed ballot vote as opposed to a direct democratic process vote.

Alderman Thibault stated as it is presently doesn't the State have something to say about how we set our tuition.

Mr. Cook answered yes.

Alderman Thibault asked how would this process affect that.

Mr. Cook answered as I said, Alderman Thibault, the components of the tuition are set and reviewed by the State after and in connection with the reports that are filed by the School District, the MS-24 or 25 or whatever it is and those are the elements that lead to what the components of the base tuition or the operating tuition are. The contractual obligation for capital costs added to that because it is a multi-district agreement would have to be looked at and blessed by the State Department of Education before it went into effect as I understand it.

Alderman Thibault stated so they would still have some control then as to how we could set our tuition.

Mr. Cook replied so once they approved it then it would be approved. We can't just in any given year send them a bill for \$9,500 because we feel like it.

Alderman Garrity stated this is a question for Tom Arnold. With the surrounding districts having voting power on the Board of School Committee's sub committees is that allowable by the City Charter?

Deputy Solicitor Arnold replied it is not presently provided for in the City Charter. I guess I would want to research the issue before giving a definite answer but I think that it would probably be allowed. The City Charter at present makes no provision one way or the other for it.

Mayor Baines stated also the sub committee votes are all subject to full Board votes so sub committee votes have no...it is a recommendation. All your committee reports are are recommendations to the full Board.

Alderman Garrity replied let me put it another way. Does the City Charter allow non-elected officials from Manchester to vote on issues in Manchester?

Deputy Solicitor Arnold stated at present the City Charter makes no provisions for that.

Alderman Garrity asked so does the City Charter have to be changed.

Deputy Solicitor Arnold answered no I don't believe it does.

Alderman Garrity asked you don't believe or no it doesn't.

Deputy Solicitor Arnold answered again without researching the issue my answer would be no I don't think it does.

Alderman Garrity stated your Honor I think it is probably imperative that we get an answer to that question.

Mayor Baines responded I think the answer would be clear that it is not required by the City Charter. You have groups like parent groups or advisory groups that make recommendations to the full Board. Certainly you could ask them to research that a little bit more on both sides but I don't think there is anything in the Charter as I understand it and participated in writing it that would prohibit that whatsoever.

Deputy Solicitor Arnold stated that is the basis of my answer.

Alderman Garrity stated but when we have those parent groups and things of that nature, they are not making votes on the Board of School Committee and the sub committees.

Mayor Baines replied all committees do is make recommendations. That is all they do.

Deputy Solicitor Arnold stated the critical vote is the vote by the full Board.

Mayor Baines stated that is the only vote really. I don't believe there is anything that prohibits that but we can research that further.

Alderman Garrity asked can I get an answer in writing from Mr. Arnold.

Deputy Solicitor Arnold answered certainly.

School Committee Member Perry stated not to be negative but if a tuition town should vote nay in March and the other towns have voted yea, what happens to the town voting nay. Would the Department of Education step in and say you are going to have to continue educating their students even though we have gone through this two-year process and do they get a separate deal?

Mr. Cook replied I don't know. I am not trying to be flip about it but I don't know what happens under those circumstances. I cannot believe that a town that voted no and I think I answered one of the questions before, given the circumstances of where we are and where we have been I think the pressures to keep them under some set of circumstances for some period of time would be rather strong but that would be up to the School Board, which I no longer serve on so that would be up to you guys and not up to me.

Mayor Baines thanked Mr. Cook for appearing and for his work on behalf of the School Board and the City of Manchester.

Mayor Baines stated I would now like to introduce Frank Thomas, the Public Works Director and Tim Clougherty, Facilities Engineer relative to the status of the Design Build Finance project to include outlining the scope of the additions and renovations.

Mr. Thomas stated we appreciate the opportunity to be here tonight to give a presentation on the status of the school design-build finance project. It is my intent to very briefly give you an overview of where we have been and where we hope to be come spring time. When I am finished I am going to turn the presentation over to Tim Clougherty to my far left. He is our facilities engineer. He has been the driving force behind this project and he will be going into a more detailed presentation on exactly what we hope to accomplish. This is a unique project approach to address both the rehab and additions to 21 schools. This project, if you remember, was originally proposed to this joint board back on February 12 of this year. A school design-build finance project of this magnitude is quite unique in the size of the project, itself, and the complexity. It is basically a cutting edge procurement when you stop and think of the number of schools, the fact that it is both rehab and additions. There have been many design-build finance projects that are out there that have been done in the private sector and public sector, but more dealing with new construction. This mix is quite unique and quite frankly, fascinating. As many of you know, a request for qualifications was issue during the month of March. The document described the general scope of work that was intended and the process that the City intended to follow in procuring these services. Responses to the request for qualifications were received in April. Four firms responded – Gilbane, The Floor Corporation, Cole Educational Partners and Turner Construction. These were teams and the names I mentioned were the lead group or agency but they were team proposals. Interviews were conducted in May with the four firms and the City Selection Committee. The City Selection Committee is made up of members from Public Works, from the Finance Department, the City Planning Department, the Solicitor's Office and of course the School District. A draft of an RFP was created in late June and issued to the participants so we created a draft request for proposal. It wasn't finalized but we gave it to these four participants and then called a meeting. The meeting was set for July 25 with all of the participants together. It was basically a mini conference. The purpose of this conference was to receive feedback on our procurement process and to have an open discussion on how we intended to proceed. This meeting, conference or whatever you want to call it was very

beneficial because we heard from these four design-build teams. We heard what they felt was right with the process as they saw it, what their concerns were and we had a discussion on what the concerns were on the City side. As a result of this meeting it was decided that the field of candidates should be reduced to three instead of four. As a result, a decision was made afterwards by the selection committee to eliminate Turner Construction. Shortly after we eliminated one of the firms, another firm, Brookstone Floor Team, withdrew from being a part of the process. They had difficulty obtaining a qualified financier for the project. We are now down to two candidates. We are dealing with Cole Educational Partners and Gilbane, both excellent firms. We are currently moving forward with a two-phase proposal process. The first phase in the process was the issuance of a request for proposal in September for 3 of the 21 schools, the 3 high schools because we understood and we realized that there was some urgency in receiving some detailed feedback on those three facilities. Proposals for these three schools are due in on December 5. The selection committee, after discussing where we are heading, has determined that there is going to be a need to provide some compensation in the second phase of this proposal process. There was an article, I think, in the *Union Leader* this morning that discussed it in some detail. In the second phase we are going to be proposing to compensate the unsuccessful proposer and guaranteeing to the two proposers or the two candidates that if for some reason the process does not move forward that there will be some compensation to these two firms. This decision was made for a couple of different reasons but the main reasons were to insure that both firms would put together a maximum effort in putting together these design-build proposals. These proposals are going to be owned by the City. We are going to be able to utilize their designs, utilize their thought processes and utilize what is in these documents and as such they are going to be a valuable asset to us. In addition, the proposals are very costly to put together. If we were to go out and hire an architect and an engineer to develop full detailed bidding documents to accomplish somewhere between \$60 to \$80 million worth of work, we would be looking at somewhere in the range of 8% to 10% of that construction cost as the fee for that project. What we will be proposing for compensation is nowhere in that range let me assure you of that. Prior to moving forward into the second phase, the committee will seek approval for this compensation commitment. That hasn't been determined yet. The Committee is still looking at it. The second phase of the proposal process will address the remaining 18 schools in the program. The total proposal is presently expected to be submitted by April or in April. Once the full proposals have been submitted, the selection committee will negotiate with one or both of the firms to arrive at what we feel is the best recommendation for the City. At that conclusion, we will be making a detailed recommendation to award the project. Based on that, I am going to ask Tim Clougherty to make a presentation on specifics but before he does that, Tim if you could list the request for proposals that you have sitting there just to give the two Boards an idea of what we are looking at as a request for proposals for the three high schools. Obviously a lot of that stuff will be utilized moving forward with the other 18 schools but it is a sizable effort to date.

Mr. Tim Clougherty stated along with me here today is Mr. Bill Webber. Bill is an independent contractor who has been working for the City for the past 18 months. He has worked with us as a Clerk of the Works and started on the McLaughlin Middle School construction project and was also selected as a Clerk for some of our current construction projects. Bill has been a great aid in helping me develop the request for proposals and he is here to help us tonight. With that being said, I would like to provide you with some details on the Manchester School's improvement project. Some of these details you have heard before. Others will be new. I am going to get into some specifics regarding the high schools. The Manchester School's improvement project will address the two areas addressed as deficiencies. These two areas are capital improvements and renovations as well as additions to address the capacity related deficiencies. Capital improvements and renovations for all of the schools are going to be done in accordance with the recommendations made by Parsons Brinckerhoff in Phase I of the facilities audit, which was commissioned back in 2000. Capital improvements are going to include items such as HVAC systems, electrical systems, flooring replacements, roof replacements, and upgrade of interior and exterior finishes. Capacity related deficiencies will be addressed at all levels as well. We are looking at upgrades to a pre-school through grade 5 facility to address space needs in the Center City area. At the middle school level we are going to be putting additions on at Southside Middle School and Hillside Middle School. As you are all probably aware, we have already done the additions at Parkside Middle School as well as recently at McLaughlin Middle School. All three of the traditional high schools will also receive additions – Central High School, West High School and Memorial High School. Now I am going to get into some specifics about each one of the three high schools. We will start off with Central High School. Central High School is going to receive an addition that will consist of construction of new classroom space, expansion of the cafeteria and gymnasium, construction of a new administration area, construction of a new media center, renovation of these existing areas, the media center and the administration area, to classrooms. There will also be new parking areas as well as a new entrance and improved traffic flow on the overall site. Some of the capital improvements and renovations that we are talking about at Central are going to include flooring replacements, ceiling replacements, painting, HVAC renovations, electrical renovations, as well as replacement of doors and windows. We are also going to be addressing life safety and accessibility issues. A sprinkler system will be installed for the entire facility. A new fire alarm system will also be installed through the facility, as well as emergency lighting. We will also be addressing restroom renovations for accessibility issues, as well as looking at door hardware upgrades. We are also looking at installation of new elevators at the Classical Arts, Practical Arts and the James buildings. The auditorium will also receive renovations. I understand that there has been a lot of concern as to what level of renovations there will be and exactly what the scope will be. Here we are talking about new seating throughout the entire auditorium – new aisle carpeting as well as aisle lighting. We will be putting in a new operable rigging system to replace that which we had rendered essentially useless a few years ago due to safety concerns. We will also be replacing the curtains, which would include the house curtain, traveler's, teasers, fire

curtains, etc. At Memorial High School the majority of the new construction work will consist of additional classroom space. We will also be expanding the gymnasium area and renovating the existing football locker area. Some of the capital improvements will include a new roof for the entire facility, flooring replacements in limited areas, painting in some areas, HVAC renovations, electrical renovations and an operable rigging system for the auditorium there as well. Life safety and accessibility will also be addressed. A sprinkler system for the entire facility will be installed. A new fire alarm system for the entire facility, as well as emergency lighting to meet current codes throughout the facility. We will also be looking at restroom renovations for accessibility purposes, as well as door hardware upgrades. The scope of the work at West High School will also include construction of new classroom space. It will include construction of a new administration area. The current administration area will be renovated into new classrooms. We will also be expanding the cafeteria and expanding and renovating the current media center. The capital improvements scope of work at West High School will include a new roof for the entire facility. It is going to include flooring replacements, ceiling replacements, painting, HVAC renovations and electrical renovations. Life safety and accessibility issues will be addressed here as well. Again, another sprinkler system for the entire facility, fire alarm system for the entire facility, emergency lighting throughout, restroom upgrades, door hardware upgrades and a new elevator will be installed at the Bean Building. The renovations to the West High School auditorium are somewhat similar to Central High School. We will be rebuilding and refurbishing the seating that currently exists there. We will be installing carpet throughout the auditorium as well as aisle lighting and we will be installing a new operable rigging system there as well. That concludes the presentation on the specifics of each of the programs. If there are any questions at this point for either myself or Frank or any of the other selection committee members, I am sure we would be happy to entertain those.

School Committee Member Beaudry asked has there been any input with the principals in the associated schools that are going to be renovated or having additions put on. If there has been, can you tell me what schools had some input and if they haven't had input will they be able to have some input in the future before the project actually comes to fruition?

Mr. Thomas answered the scope of this project, as mentioned, was defined in the Parsons Brinckerhoff report. In that evaluation there was contact made with the principals and obviously with the School District staff. We have been using the Parsons Brinckerhoff report as the basis for putting together this design-build scenario.

School Committee Member Beaudry asked so as the project is proceeding will the principals have some influence on how things go or once it starts there will be no input from the principals.

Mr. Thomas answered the whole concept of the design-build scenario is to put together a plan and stick with the plan. Now obviously there is going to be some interaction between the contractors and what is going to be in the final proposal, however, you cannot vary from the set course we have embarked on. The scope of the work has been made public for quite some time. Capacity issues have been discussed over and over. I think that we have general consensus to move forward in this direction. As we get down the road after these proposals come in, two, three or four years down the road if there is a separate need that surfaces relating to the school system, that can be identified and potentially addressed as a separate capital project.

School Committee Member Beaudry stated I know this summer we had a lot of renovations in some of the schools with floors and electrical at Bakersville and it was very difficult for the contractors to get done in time for ServiceMaster to get in and clean the schools. Some of these projects are going to be so extensive, are we going to be able to do that in the summer months so that we don't impede on classrooms during the school year.

Mr. Thomas replied I will start this one off and then turn it over to Tim. These projects are going to be going on all year long. We are going to have to see what these design-build teams come in with for proposals. They are going to be part of our evaluating process on how improvements are going to be made. In some cases, these teams will be assuming the duties of cleaning the facilities as they are in there doing the work.

Mr. Tim Clougherty stated just to follow-up on what Frank said, we have contractors in the facilities year round during the school year. We have outlined in our request for proposal exactly what our hours of operation are roughly, when we have school vacations, when we have election days off and what have you. It is basically up to the contractor to come up with a schedule that works. That works for the City as well as the occupants of each of the individual buildings. I can understand your concern regarding ServiceMaster and some of the cleaning crews. Like Frank said if it is not ready for ServiceMaster to clean the areas, the contractors are responsible for cleaning up prior to any occupancy of the building. As far as working with some of the construction that is going on, I think if you take a walk through Memorial High School right now it is a perfect example of what can be accomplished in an occupied facility. There is an extremely large project going on there and the administration at the School District, as well as Arthur Adamakos, have done a great job in working with us in order to get that project accomplished.

School Committee Member Gross stated, Mr. Thomas, when you first started your presentation you indicated that you are expecting the full proposal to come in in April. Mr. Cook was very clear on the fact that he needed the numbers in order to bring them to the town so they could vote on them in March. My question is how is that going to mesh? The problem with the towns right now is we are dealing with approximate numbers and we need

concrete numbers and if they are not going to come until April how are we going to accomplish our tuition proposal in this coming year?

Mr. Thomas replied keep in mind that the major cost to the surrounding municipalities is the additions to the three high schools and that is why that is being fast tracked and that is why we are going to be getting in proposals in that December timeframe. As far as the cost of renovations you are right. We are not going to have the exact cost of all of your renovations until that April timeframe, however, I think that the percent shared of those costs to the surrounding communities is much smaller. We have an estimated price to go on for the surrounding communities.

School Committee Member Gross asked so we are going to give them a gross number for the additions and a percentage number for the renovations more or less.

Mr. Thomas answered it will be an estimated cost on the renovations.

Mr. Tim Clougherty stated I just want to make sure that is clear because it wasn't exactly clear to me. As far as the high schools go, we are going to have a specific number for the additions and renovations to all three high schools on December 6.

School Committee Member Perry stated I noticed under the West renovations for the auditorium it is saying rebuilt and refurbished seating. Why are these being refurbished and Central is getting new seating?

Mr. Tim Clougherty replied that was based on discussions with the theatre director at West High School who had previously planned on doing a refurbishment of the entire auditorium and part of that was the chairs. He worked with a specific vendor in order to get some budgetary pricing on what it would cost for that. He has an example of a refurbished chair in the auditorium and we consider that to be of high quality and sufficient for inclusion into this project. Those were the reasons it was done.

Mayor Baines stated what I would say having had experience with the chairs at West, they are in much better condition than the chairs at Central simply because the West auditorium does not get the same kind of use. They are in relatively good shape and I think refurbishment would probably be appropriate there.

School Committee Member Ouellette stated my question is on the fast track of the high school proposals. On December 6 you are going to have hard, concrete numbers and the two firms are going to be submitting those numbers is that correct?

Mr. Thomas replied that is correct.

School Committee Member Ouellette asked so aren't we in fact, then, awarding the contract on December 6 to one of the two firms. Are those the numbers that we are going to use?

Mr. Thomas answered no. The entire proposal will be the basis of the award. What will come in on December 6 will be numbers. There will be potential alternatives. You are going to be dealing with two vendors. We may decide that we would like one proposal from one of the vendors mixed with two from the other. It is going to be a mix or match type of situation. They may be coming in with some alternatives that we are going to have to evaluate. This information will be passed on to the surrounding communities so they will have numbers to work with.

School Committee Member Ouellette asked so are you telling me that you may have both companies working on this project or is it just being awarded to one company.

Mr. Thomas answered it will be awarded to one company based on the entire proposal and follow-up negotiations in April.

School Committee Member Ouellette asked so if one company comes in with a high school proposal that is let's say \$4 million higher than another company we are going to use the lower proposal are we not.

Mr. Thomas answered in most cases yes.

School Committee Member Ouellette stated so I will go back to my original question. Are we not awarding the contract on December 6 to that firm? Here is my concern. If a contractor company low balls the number in December are we going to be stuck in April with that firm? I guess that is my concern.

Mr. Tim Clougherty answered no we won't be. Our contract will be issued based on the comprehensive plan. The first phase proposal in December and the second phase for the balance of the 18 schools in April. If there is a differential in pricing between one or the other, that is something that we are going to have to deal with internally as far as the tuition agreements go and the disclosure of documents. That is something that we are currently discussing. Our intention is to issue one contract with a comprehensive plan. That is really the only way the system works.

Alderman Gatsas stated, Frank, I need to understand the timeline a little bit better because reading it in the paper...has it already been decided or agreed upon that there is going to be a payment to the company that is not awarded the agreement.

Mr. Thomas replied we will be making a recommendation after we have received the first phase of the proposals on December 6.

Alderman Gatsas asked so you won't be coming to the Board at all looking for...

Mr. Thomas interjected any commitment of additional funds until that time period.

Alderman Gatsas asked until December 6.

Mr. Thomas answered that is correct.

Alderman Gatsas stated Atty. Cook is trying to negotiate contracts with sending communities that are going to be going forward and I guess I am confused on how anybody can proceed when we don't have any idea of costs.

Mr. Thomas replied we will have the proposals in our hands for the three high schools on December 6. This compensation to the runner-up or to both of them if the project doesn't go ahead would be for us to move into the second phase, the proposal in April.

Alderman Gatsas asked I assume you were here for the presentation that Mr. Cook gave.

Mr. Thomas answered yes I was.

Alderman Gatsas asked and I believe that there was a comment made that we have to get some numbers to some of these towns by the middle of November or the end of November.

Mayor Baines answered no. Mr. Cook, I know you would like to come back up. We appreciate the fact that you didn't go home.

Mr. Cook stated I believe what happens is they need a number in November to start working on their operating budgets. Their operating budgets for next year are based on next year's tuition costs. Next year's tuition costs, most probably, will not have any impact in it from the capital costs because notwithstanding the fact that we award a bid, sign a contract that says you will incur capital costs when capital costs begin to be paid, none of that will be paid during that fiscal year. I don't think the numbers that they have to have and the plug number they are going to put in in November, which is an operating cost number for a budget, is impeded at all because of the timeframe on this.

Mayor Baines stated let me propose this question so maybe it won't get asked a lot. Are you comfortable with the timeline, Mr. Suprenant? Does it seem that the timeline being followed will be adequate for your budget?

Superintendent Suprenant asked am I comfortable with this. No. I am not comfortable with this at all. The clock is ticking on this for us to develop a warrant article for our publics and throughout this process we keep getting extended on when we are going to receive the costs for the renovations and additions. We were originally thinking that we were going to get these costs in early November. We are now in early December. If there is any further delay beyond that, I think we are going to have a hard time meeting our warrant article deadline in our communities.

Mayor Baines replied the question was does the December 6 timeframe to work. That was really the question. We don't want you to be totally comfortable. December 6, does that work?

Superintendent Suprenant responded it is going to be difficult. I think it can work but we are going to have to be very aggressive with our meeting schedule after December 6. There is not a lot of wiggle room between that time and the development of our warrant articles.

Alderman Gatsas asked, Mr. Cook, if you were representing me as independent counsel and I told you I was planning on building a building for \$70 million and I wasn't sure if I had tenants and if I did have tenants they might only be there for 10 years and I am really not sure if the tenants can pay because there is another outside arm that says you can pay but you can only pay this amount, meaning the Department of Education, what would you say to me about going forward with that kind of a deal.

Mr. Cook replied if that hypothetical were what we were talking about here, I would tell you to be careful. We have been very careful here and the reason that I pointed out early in the discussion that these were very complicated negotiations is because we have all of these things happening at once. It is a very complicated set of negotiations. The Department of Education is going to pass on the contracts and when they say it is okay then it is okay. That is true of every multi-district agreement that gets signed in the State of New Hampshire so that is not different from any other. Obviously, the tenants if you will, the sending districts, are going to have to agree to sign the contracts. The length of time that they are here will be defined and the length of time they are paying for will be defined. That will be a known thing but is this complex and does this have a lot of elements? You bet.

Alderman Gatsas asked why wouldn't we look for a flat 20-year agreement so that if I was building that building and I knew the tenant was coming for 20 years I would have an easier comfort zone.

Mr. Cook answered because I am not sure you would have an easier comfort zone when you really think about all of the variables. The number of students who may or may not be generated from all of these different districts over 20 years...20 years is forever when you

are doing planning of this kind. Trying to figure out how many students are going to be generated from any component of the City of Manchester is very difficult. Trying to figure out what is going on in 20 years...if we signed a 20 year agreement, for example, that said we would take all of the students generated in all of those communities for 20 years no matter what it might obligate this community to build capital programs far greater than this community wants to build. Some of those communities on the other hand may become dissatisfied 10 or 12 years out or may have different plans. We are trying to build a contract which allows enough flexibility because if we signed a 20 year...would it be easier just to sit down and all of us smile and be happy and say we are just going to sign a 20 year agreement? Sure but would it be good planning for all of these folks in these communities when we don't know how they are going to develop? I don't think we can do that. Therefore, we have built a scenario in which we have sufficient notice, sufficient planning, sufficient payment options so there are all kinds of incentives to stay together and to do this together with the opportunity to get out of it if it becomes something we are not expecting. We have demographic studies. We have plans. We have expected number of students. We have all of that stuff but something could happen that doesn't fit into those proposals and the farther out you get and 20 years is forever, the farther out you get in 20 years the less predictable those predictions of demographics become because you don't know who is in the first grade and, therefore, you can't predict who is going to be in the first grade.

Alderman Shea stated I have a couple of questions. One question has to do with the compensation for the runner up, the second place winner in the World Series so to speak. Why if you were to accept the vendor that is going to be the design builder, why would you in turn compensate the other party who is not going to be used?

Mr. Thomas replied because both vendors are going to be investing a sizable amount of money to develop plans and documents for this project. We are going to want to own both sets of these documents because there may be something valuable in the runner up that we can use in the final proposal with the selected vendor of the services. In addition, with the design-build scenario of a project of this magnitude, as I mentioned if you went out and hired an architect and engineer to design and put this project in a form to put out for bids, you are probably talking in the 8% range of somewhere around \$5.5 million. Now we are not going to be compensating these two vendors anywhere near that amount, let me assure you of that, however, you want to allow them to make the investment to move forward with a design that is going to give you good results. So it is a way of assuring that you are going to get good proposals and that the proposals are going to wind up to be yours so you can mix and match them if you want.

Alderman Shea asked when you speak of design-build what do you actually mean in terms of the investment that the vendors are putting in. In other words, are they putting in money just for the design or are they putting money into the building of it. My understanding of that is sort of...

Mr. Thomas interjected what we were just talking about now is the investment that the two firms are making into the design process. The proposals that we are going to receive, they have put together designs and they have put together estimates to furnish us. Normally it is the other way around. Normally you pay for that up front and put it out so that we know exactly what the numbers are and the low bidder comes back.

Alderman Shea stated so they put in the design but the actual building is what we are going to pay for or the renovations of these buildings. Is that correct?

Mr. Thomas replied that is correct. The City will be paying for these additions and renovations.

Alderman Shea stated in a sense now the cost of these projects are going to be over a seven or eight year period so that any bonding that would take place would be the responsibility in this case of the Board of Mayor and Aldermen on a yearly basis. In other words we would commit a certain percentage of money – 1/5 we will say or 1/3...I am not sure but whatever the cost would be for that completion of the building of Central if it were to proceed first or Central and West if it were going on at the same time? We would be bonding that particular part of the project and then we would wait until those were completed and then Memorial, etc. Is that the timeframe that we are talking about here?

Mr. Thomas replied first of all part of this whole proposal process is to finance it. Financing is a key. It is not necessarily a fact that this project is going to be bonded. The design teams may come up with a financing mechanism. It may be lease-purchase arrangements.

Mr. Tim Clougherty stated there is no guarantee that the project is going to be bonded. We don't know that we are going to be issuing general obligation bonds or any other type of conventional funding that we traditionally use for our capital improvement projects. Part of the innovativeness in this project delivery method is that the ownership of providing the financing is on the design-build entity and when we talk about the design-build we will be contracting with one entity. That entity will represent all of the architects and engineers that are going to work on the project, the contractor and all of his sub-contractors that are going to build the project, as well as the financial arm that is going to finance the project.

Alderman Shea asked once all of these people are working somehow we have to come up with the money to pay them, whether it is out of cash or whatever. We need to get the resources to pay them I am assuming and Kevin would probably know better than I but I am assuming that we would probably have to float a bond or something. We certainly couldn't come out of...

Mayor Baines interjected there could be some other creative financing mechanisms that come out of the proposals and we will find out as that goes along.

Alderman Shea responded but we would have to, in a sense, appropriate the money at City Hall for our share of it in the form of some kind of...

Mr. Kevin Clougherty interjected as you know like with any project we would in each year have to appropriate the debt service required for that capital improvement. The extent that it would come out of the City tax rate would be our portion based on the contracts that Brad negotiates because part of that cost would be built into the tuition agreements.

Alderman Shea asked so it would come in the form of what, Kevin, taxation on the part of the City.

Mr. Kevin Clougherty answered right.

Alderman Shea stated so the residents' tax rate would be impacted by that.

Mr. Kevin Clougherty replied right just as if you did it in the traditional method and went out and did these as a series of independent, individual projects. You would have to pay the debt service on those by grouping them together and getting the economies that Frank talked about with the engineering and architectural work being done as a group. Ideally the cost of the project goes down and the debt service that you have to pay would, therefore, go down because the size of the project is going to be less and everybody benefits from that.

School Committee Member Herbert asked what percentage of actual cost do the tuition towns have to worry about. The high school towns, obviously, are not going to be obligated to help us pay for the entire project. They are only interested and will be billed for, in whatever fashion, those improvements that are related to the high school. My point in asking this question is I want everybody to understand that the high school tuition issue is related only to a portion of the total needs of the City of Manchester. Do you have any idea or can you give me an educated guess as to what percentage is actually related to the high school improvements and renovations of this entire project?

Mr. Tim Clougherty replied conservatively I would say that the high school portion would be between 35% and 50% of the overall program.

School Committee Member Herbert responded so at most it is only half of the recommended renovations to the public school system that are needed in Manchester. I want everybody to understand that at least half of all of this money is going towards our middle schools and our elementary schools and very important additions that are needed there as well. Of the half maximum that is related to the high school renovations and expansion, about how much of

that or maybe Kevin would know better, how much of that is going to be paid by a) the State; b) the tuition towns; and c) the City of Manchester taxpayers?

Mr. Kevin Clougherty replied I think that depends on the negotiations process. Depending on how many towns are with us on this will determine what our reimbursement from school building aid will be, for example.

School Committee Member Herbert stated let me rephrase that. What is the minimum amount the State would pay?

Mr. Kevin Clougherty replied 30%.

School Committee Member Herbert replied even if we went on this and did it all by ourselves, of half of the project that is related to high schools, 1/3 of that is paid by the State and that is if all of the tuition towns take a walk. Now if the tuition towns do, in fact, come on Board, which would be, after anybody who has witnessed the two years of process that we have been through, a high likelihood, what percentage would the tuition towns pay in addition to the 1/3 the State picks up?

Mr. Cook stated at the present time we believe that, and this is a complicated answer because it is a complicated issue but there are several kinds of multi district arrangements that are recognized in the State education statute. They are cooperative school districts, area agreements and there is something called a joint maintenance agreement, which is only in existence in one place and that is the first one in many, many years. We have fashioned our agreement as a high school joint maintenance agreement. We have run it by the Department of Education in its first form and their opinion on it, as was their opinion on one that was run by them by Bedford when they were contemplating having Auburn go with Bedford for the Bedford high school, was that neither agreement qualified under the statute as it presently exists for a joint maintenance agreement, therefore, the 30% would be the maximum under the present statute that we could get no matter how many towns are parties to it, whether it is Manchester 30%, etc. I have had preliminary discussions with a couple of legislators about the possibility of going to the next legislative session and seeing if we could get the joint maintenance agreement statute amended so that we could qualify under it if this agreement was entered into. If that were to happen and there is no guarantee that would happen, first of all people say why would the State ever do that? Well, 40% or 50% of this project is cheaper than 30% of this project and two more high schools. That is why they might do it. Be that as it may, that is not a given. We are only anticipating 30%. The way the reimbursement works and remember that is 30% of the principle that comes back on a yearly basis as it is spent. That is not a big check that comes from the State at the very outset. If we were to have every one of the towns in this, which is five, the way the formula works is the first town is 30%, the first town and second town is 40%, the third town adds 5% and is 40% and the fourth town adds 5% and is 50%. The next town would be 55% but we only have enough to

get to 50% but 50% is a lot. At the present time the reimbursement from the State would be 30% and under any set of scenarios, as they read the statute, it is 30%. That is a long answer but that is for the reimbursement.

School Committee Member Herbert asked so absolute worst case scenario if we got nothing from the State and this would save the State money because as you said without this agreement there are traditional high schools to be built in surrounding towns...the worst case scenario is half of whatever the design-build recommends entirely is likely to be related to high school renovations and 1/3 of that is going to be paid by the State at minimum.

Mr. Kevin Clougherty answered that is correct.

School Committee Member Herbert stated the other thing that I wanted to point out and this goes to the issue of commitment of the tuition towns towards payment...there has been some discussion as to whether we should do a 20 year flat agreement on the bonds and I understand that idea very much but, Mr. Clougherty, how much of the high school renovations has to be front-end loaded because of the need in our school system to renovate high schools. In other words, if we have a minimum 10-year commitment out of the 20 years, how much of that 50% of the total high school money would actually be committed within that 10-year timeframe?

Mr. Tim Clougherty asked is your question more on the timeframe of the construction.

School Committee Member Herbert answered yes. In other words, if...

Mayor Baines interjected if I could help clarify, the costs related just to the high schools that need to be done period.

School Committee Member Herbert stated there has been some concern that we would end up building a lot of high school space and people would take a walk on it. The fact of the matter is, under our current stance and Mr. Cook has been given no reason to believe he should back off of it, the minimum commitment is 10 years, minimum. You cannot get out of our agreement earlier than 10 years. What I am trying to point out is that 10 year commitment, how does that coincide with the commitment that we will spend on the high schools? In other words are we going to, in fact, have done most of the high school work within that 10-year frame?

Mr. Tim Clougherty replied yes definitely. The debt service on the finance is really independent of the construction. The only stipulation that we have in our request for proposals as far as time schedule goes is that we will address the high schools first and then the middle schools and others would follow.

Alderman Thibault stated you gave us a pretty good scenario, Frank, as to if we went with architects and engineers to design this and you came up with 8% or 10% of the total cost and then you went on to say that both of these bidders would like to be compensated for the work they are doing. Can you put a price on that and let us know that, in fact, these two bidders will get X amount for their work?

Mr. Thomas replied it is a stipend and I can't give you that number now. The committee is still talking about it. It is going to be a very low number. When you are looking at 8% or 10% of a potentially \$60 or \$70 million project, that is in the \$5.5 to \$6 million range. We are not going to be in the seven-figure range with our recommendations. It is going to be much, much lower than that. It is a stipend. It is just a little incentive to do...

Alderman Thibault interjected I would just like to know how little. Can you give me some ballpark?

Mr. Thomas responded I don't think that amount is needed right now. We don't need to decide on a compensation number until we go into Phase II. We are plowing along right now to get those proposals in for December 6 so we know what the cost on the high schools is going to be. At that time, we will come back to your joint Boards with recommendations for the stipend.

Mayor Baines stated the other thing is the sources cited in that newspaper article today...you know I don't want to say too much about it but the relevance to what those projects represent compared to what we are doing there is not even any comparison nor do I think the two people quoted had any understanding of what we were doing in Manchester.

Mr. Thomas replied I would like to follow-up on that. That is 100% true. I think in the case of the local college here, I think they were looking at a \$17 million project over a 7-10 year range. The other municipality, the smaller municipality, I don't think they were talking about a project that was over \$1 million. I think what you are looking here again and keep in mind we are looking at potentially a \$60 to \$70 to \$80 million project, which is very complicated. Again, I keep stating that I think that this design-build finance scenario is cutting edge. It is a means of fast tracking this work. It is a means of stretching the limited dollars that we have to spend and we are doing it at the right time.

Mayor Baines stated and doing something that desperately needs to be done.

School Committee Member Cote stated I would like to echo what Mr. Herbert said. This high school fraction of the project is 50% or less but the K-8 is also very important and I hope we move forward with this project. In that respect, your high school presentation was pretty comprehensive, all the way down to the hinges and handles for doors but there are a couple of components in this thing that I am kind of concerned about. One is technology, the

technology component and the networking that is necessary. You are making major changes within the buildings and I hope that is going to be looked at in this project. Also communications like the telephone and intercom system.

Mr. Tim Clougherty stated telephone, intercom, audio, cable, I/T, all of those ancillary things to a construction project are included. I didn't mention specifically drywall and flooring in additions and things like that. It is spelled out very comprehensively.

School Committee Member Cote stated one of the complaints I hear about when we have projects is we forget the little things. McLaughlin was nice because they had desks and such but the supplies necessary to make the classroom like. If you build a new lab or a new computer room, there are tables there but that is it. The components that go in there like lab ware and computers, is that part of this project. Can there be some allocation of funding to furnish the rooms completely so a student can walk in and use it without having to worry about where the pens and pencils are coming from?

Mr. Tim Clougherty replied the furnishings are different from pens and pencils, which I would refer to as supplies. I think that would be something that would come out of the School District's operating budget. As far as the fixtures, furniture and equipment, lab operating equipment, flasks and things like that, tables, chairs, desk, easels, what have you, it is not currently included as part of the project but what we will most likely be doing is asking for a recommended allowance from the contractors based on the designs that they are providing so that we will be able to include that as part of our financing package as well.

School Committee Member Cote stated it is good to hear that. Thank you.

Alderman Lopez stated there are 12 pages of renovations for high schools here and you are indicating it is only 35% to 50% of the total project.

Mr. Tim Clougherty replied yes.

Alderman Lopez asked so that we know what we are talking about time wise, can you walk us through, Frank, what you are going to need in order to proceed. You say that you are going to get the information back on December 6. Along that line, whatever that price is, Kevin, when Brad Cook said only commitments to those high schools so if we approve something are we committing to that figure or are we only committing for what we use during the timeframe if one of those areas wanted to leave. There are two questions in one.

Mr. Kevin Clougherty replied I will take a shot at the first part. Those of you who worked on the Verizon project we always used to say nothing is done until it is all done. I think that is the same philosophy we are talking about here. The surrounding districts need to have from the City of Manchester some estimate of what the cost of improvements to the high

schools is going to be so that they can, first of all, know the magnitude of the project that is going to happen over the next number of years. That is going to help them to identify what the annual impact is going to be and they can then do their budgeting. The annual impact, as Brad explained, will not start the first year but will happen in subsequent years. From the City's standpoint, we are understanding that we don't want the Board of Mayor and Aldermen or the School Board to get into a situation where there has been an approval and a commitment and we are sitting out there with a big debt and there is still uncertainty. There will not be bond issues for this project until there is completion of this award in April. We can give to the school districts the information they need now in December so that they can do the planning that they are going to need for their warrant for this budget year but the actual project approvals are going to have to come later on. Now in fairness to the school districts, the sending districts, I think what they are asking of the City is how serious are you about this? What kind of commitment can we expect from the City because they have probably in the past seen the City say we are going to do all of this work and never deliver on it. I think what we are going to be looking at is a series of contingent approvals where the Board will get its information back from the contractor, we will make our recommendation to the Board and say we think this is the right way to go so that the surrounding towns have some sort of contingent approval from this body that they can rely on. Remember that the School District has certain responsibilities in terms of programming and the Aldermen have certain responsibilities in terms of the financing. I think there are going to be a series of contingent approvals that are going to have to be required over the next several months until we get to that final approval because if, for example, the Board of Mayor and Aldermen approve this project and say we really like what we got from the contractors on these three high schools and we want to go ahead with that and then one of the surrounding towns says well we are not going to go with this, we want to do something different, then the City of Manchester and the School Board and the Aldermen can come back and rethink that final proposal before we go to the final contract award and the final financing. I don't want anybody to leave here tonight thinking that we are going to issue \$25 million worth of debt somewhere between now and next March and that we are going to be on the hook for debt service payments. That is not my expectation and I don't think that is Brad's but I will let him speak for himself and I don't think that is Frank's or Tim's. Our understanding is we are going to give them the information they need to make their commitments and in the end when the contract is approved then both Boards will be able to look at the next 20 years and finally say we have a plan, we have a program and we can move forward.

Alderman Lopez stated along with that, Frank, on December 6 you look at this thing...what are you going to ask the Board to do from that point to the next point.

Mr. Thomas answered we are going to ask for some kind of commitment on compensation as we have talked about to move forward into the second phase and guarantee the runner up some stipend and to guarantee both firms that they will get some type of stipend if, for some reason, this project does not move ahead in April or May. That is what we will be looking

for as far as commitment. We will have those proposals in on the three high schools. I think everybody at that time, let's say that if the proposed cost for those three high schools comes in at \$100 million, we are probably not going to be going into a second phase but I would like to think that the proposals will be reasonable, that the two Boards will say they look reasonable and let's go into the second phase and that is the only commitment we are going to be looking for. We are going to be looking for some kind of stipend commitment and some kind of commitment to continue on to the second phase.

School Committee Member Donovan stated this is for Frank Thomas or Tim Clougherty. Let's say the first phase comes in and you are excited about one of the contractors, Contractor A, and what their solution is to the problem. Then in April you get the proposal for the second phase, which would be the non-high school parts of it and you think that the other contractor comes in with the best proposal. Can we pick and choose? In other words if you pick a winning contractor and we own the plans can we say we want one from column A and one from column B?

Mr. Tim Clougherty replied we have that right, however, the second phase proposals aren't nearly as design intensive as the first. The first phase as I talked about includes additions to three high schools. In the second phase we talk about an addition to an elementary school somewhere in the Center City and we talk about additions to the two middle schools. The sites at both of those locations are pretty limited so I think the real innovativeness in the design is going to be in the first phase. No matter what happens, however, we are going to own the designs and we are going to look for a comprehensive proposal to select the chosen team.

Alderman DeVries stated I think Kevin Clougherty answered a few of the questions that I had. Let me just see if I understand correctly. We are going into a 20-year contract with the schools and the first year will not address the capital portion of the high school improvements so if we go through a 20-year traditional bonding we are looking at 19-year participation unless there is a renewal of contracts. Is that correct?

Mr. Kevin Clougherty replied if you issue bonds it will be a 20-year commitment that they have. It is just that the first year of the construction period...when you issue the debt you start paying the year after and you pay for 20 years so we are saying that this first year they won't have a budget impact but they will have it for the subsequent 20 years after that year.

Alderman DeVries asked wouldn't that make it a 21-year contract or am I the only one not understanding that.

Mr. Kevin Clougherty answered my understanding is that it is a 20 year contract covering the 20 year financing.

Alderman DeVries stated just to take Tom Donovan's last comments one step further, he was saying that the capital amount that we pick in December for the high school improvements...say there is a several million dollar difference between the two proposals and we choose the lesser of the proposals and in April when the rest of the proposals come before us we find out that the total package is the flip side and we have given the high school capital amount out to be several million dollars less than what it actually might come to be. Are we building in a compensator to the contracts? Obviously this is still under negotiations and hasn't been finalized but is this being addressed within the contracts that we cannot give them complete actual numbers in December?

Mr. Kevin Clougherty stated I think it is important that we understand that they don't...my understanding is that they don't have to as part of their budget and warrant process this year approve a \$20 million or a \$100 million item. What they will have to approve in subsequent budgets is an annual debt service or lease payment depending on how it is structured. What they need to approve this year will be the tuition agreements. So in approving the tuition agreements they need to know what is the big hit I am going to have over the next 20 years based on the total cost of the construction. The bids are going to say this is the range, this is the high end of what it is going to be because we will have those bids. One may come in at \$35 million. One may come in at \$30 million. We can say to them over the next 20 years it is going to be no more than the highest bid. It may be lower that they will actually have to budget as a debt service payment over the next 20 years but that gives them the range with a defined maximum so that they can decide whether they want to get into this proposal or not.

Alderman DeVries stated I have a couple of other clean-up questions if I can. I hope I am coming in towards the end of this proposal. You addressed within the Parsons Brinckerhoff many of the concerns. Was parking included with those concerns, for instance, my concern being at Memorial High School. You are putting in additional classroom space. Are you also putting in additional parking facilities?

Mr. Tim Clougherty replied the sites of the facilities were not looked at in the Parsons Brinckerhoff study.

Alderman DeVries asked so those might be some of the additional costs that the City is going to incur and we are not building into tuition agreements. We are seeing how it is at Memorial today with the small construction project going on there and the small loss of space.

Mayor Baines stated we also want to point out that Memorial High School has an abundance of parking compared to the other schools.

Alderman DeVries replied I understand that. One final question and hopefully the last. In paying for the losing bid, do we look at that though as possibly working against getting

competitive bids in place? If a firm realizes that they will not be bearing the brunt of design costs wouldn't that kind of...if they were going to eat those costs they would be more likely to give us a very competitive bid so that they were chosen and able to make their full profit. Am I not correct?

Mr. Tim Clougherty stated actually the stipend that we are talking about incentive wise reduces the risk associated with the preparation of the proposal.

Alderman DeVries responded it reduces the developers risk but why would they...I am saying it would work against us getting their most competitive bid. That is my concern.

Mr. Tim Clougherty stated I don't understand your question and how it would work against a competitive bid. We are asking them to put forward the greatest level of effort possible and spend as much time as they can looking at all the different design alternatives and by providing that stipend we are offsetting some of the costs that they incur.

Alderman DeVries replied but if you thought you might have to eat some of those costs wouldn't there be an added incentive for you to low ball as much as possible the cost so that you were assured the bid and you are not out money out of your own pocket.

Mr. Thomas stated keep in mind that a contractor submitting a bid has to cover all potentials. Now if he does not want to invest 100% of the cost of the design, if there is an iffy area, he is going to put a number in and that could be a high number so if he is given the incentive to look at all areas of the project in a little more detail, number one he is going to have a sharper pencil. There are going to be less of these throw in numbers to cover unexpected circumstances. In fact, I believe that by giving a slight stipend and allowing them to put that extra effort in that you are going to get a lower bottom line cost and I think you are going to wind up with real competitive bids because now they are going to be willing to spend a little bit more time to take a look at some of the options and alternatives to be low.

School Committee Member Kelley-Broder stated I want to thank Alderman DeVries for bringing up the parking issues. Are we looking at...are we asking these contractors to look into the possibility of acquiring some extra land around Central and West to do additions and parking or anything like that? Is that part of their options or are they told not to look into that?

Mr. Tim Clougherty stated we didn't limit their options at all when we told them to look at alternatives. As far as their alternatives go, they were looking at 50 classrooms total for high schools. If they wanted to, they could say we will build you a 50 classroom high school with all the supporting facilities. We haven't eliminated any options.

Mayor Baines stated that is the key of the design-build that there is creativity from the people who are actually coming in with these projects. It sort of gets to the issue that Frank was talking about. You are going to see some creativity in approaching the various challenges that we are confronting. Am I correct in that, Kevin?

Mr. Kevin Clougherty replied that is correct.

School Committee Member Kelley-Broder stated with that in mind, I would think that the price going in to acquiring land if that was a possibility for them would be a much higher avenue for them to take so their bid would probably be a lot higher than just going in and adding additions as opposed to acquiring land and all of that. Are they given the option to do it both ways or are they only told give me your best...my concern is they are going to...I think maybe in some of those areas the best idea is to acquire some land but then again there is a lot of money involved in that and in doing so I think they should be given the option to do it both ways. This way and this way.

Mr. Tim Clougherty stated what we have done is we have outlined the request for proposals for all three of the facilities to say this is a baseline of what we are looking for. We have provided them with some schematic alternatives at all three of the facilities. The Central High School facility alternative does call for land acquisition but we also said we are looking for you to come up with any alternative, creative solutions that you may have in mind. They may want to go on the north side of the building or the south side of the building, but what we said is we are improving the traffic flow, we are increasing the classroom space with X number of classrooms and Y number of science labs and this much administrative space and that entire program and if they want to put that someplace else, that is great, we are willing to hear it.

Alderman Smith asked, Frank, when we met in February with the School Board in regards to design-build one of your main assurances was we were going to save money on architect and engineering fees and I can't agree with this paying the guy who comes in second place. I thought that what you sold us on was that we wouldn't have to pay those fees.

Mr. Thomas answered well again I think what we stated back then was that this design-build process reduces those type of engineering costs. Again as I mentioned if you were going to go through the normal process you would be talking \$5.5 million worth of design fees. What we are talking about is a stipend of a few dollars compared to that amount and it is still going to wind up much cheaper than going through the normal design, bid and build process.

Alderman Smith stated to clear my mind, on December 6 you are going to have a concrete proposal from the contractor is that correct because the various towns are willing to go to December 6. Are we going to have, in regards to secondary schools, a concrete offer on that date?

Mr. Thomas replied for the three high schools we will have numbers. Again, as Kevin Clougherty mentioned and I think this is a good point, we shouldn't be focusing in on the low number. We should be looking at the two numbers we are utilizing for the agreements, maybe the upper end number.

Alderman Smith responded say that the towns in their March meetings vote not to come in for some reason. What does that do to our status and so forth?

Mr. Thomas replied we are not under any obligation with these contracts until after that date. If, by chance, all of the surrounding communities do not want part of this agreement or proposal, we at that time can sit down and further negotiate with these vendors for the services and modify the proposal if necessary and then come back to the Boards with a new recommendation.

Mr. Kevin Clougherty stated I would just point out, Alderman, that at that point we are in a much better situation because we have hard numbers and we have details on these that we wouldn't have if we didn't go through the exercise.

Alderman Smith stated my concern is I am over on the West Side and we have an influx of students from Bedford. I would say about 850 at Manchester West. Are we assured that Bedford is coming in because if they aren't we wouldn't need to build any additions we would just need to renovate the school.

Mr. Kevin Clougherty replied I think our goal, Alderman, is to try and provide the town of Bedford and the other surrounding towns with the best information possible about the capital costs that the City is going to approve moving forward. Now if they make a decision once they have that information that they don't want to participate over the next several years and they don't like the capital project and they don't like the cost or whatever, then we have not issued the debt. We will come back to the Board and you can rethink a lot of the information that you have got. We will be in the Phase II process so you will have a chance to get some input there as well. I don't think you lose anything by going through the process as it has been phased.

School Committee Member Gross stated following Alderman Lopez's question and the answers that Mr. Thomas and Mr. Clougherty gave, I have a concern again with the timeline. If the numbers are going to come on December 6 and I am glad we will have solid numbers to give to the towns but by the same token if you are asking the Board in that time frame only to give you dollars for the runner up how can the towns be assured that the Aldermen are supporting this project? In other words, you are asking the towns to go and do a warrant article and I assume, and if I am wrong correct me, but can the warrant article have a contingency that says to the voters okay I am approving this assuming the Board of

Aldermen approve it on our end? Can a warrant article have a contingency because if it doesn't...you really need the Board of Mayor and Aldermen to act in December?

Mayor Baines responded the answer to that question, I believe, is yes.

Mr. Kevin Clougherty stated my understanding is that the answer is yes and that happens often in the towns for different projects. Again, we are not going to try to have the School Board or the Aldermen bound in such a way that they can't come back and react later on in the process so the Board may be asked to make some preliminary approval based on the information we have understanding that unless all the other parties agree it doesn't get done. It is all or nothing.

School Committee Member Perry asked, Mr. Thomas, this few dollars to pay the stipend, number one have we already committed to this with the developers or is this something we are thinking of doing.

Mr. Thomas answered we don't have a commitment at this time. We said that we would pursue that avenue.

School Committee Member Perry asked where is the money coming from. Will the School get a chargeback for this or something?

Mr. Thomas answered it would be funded through the project moving forward.

Mr. Kevin Clougherty stated you would pay it out of debt service. It would be part of the total project cost, which would translate to the debt service over time.

School Committee Member Perry asked has anything else changed since we met last time. We are looking at a stipend now and we are looking at buying both sets of plans whereas I didn't think we were doing that originally. Has anything else changed since that first meeting that we should know about?

Mr. Thomas answered not that I am aware of.

Mr. Kevin Clougherty stated not that I am aware of either.

Mayor Baines stated just as a reminder and I think this has been repeated time and time again, this is a cutting edge approach to dealing with a project of this magnitude and I think we need to expect that there might be some changes as time goes on.

Mr. Thomas replied to follow-up the stipend is nothing new in the design-build scenario. We can produce many articles and a lot of information regard that this is a practice. I mean unfortunately you have heard from one side.

Mayor Baines stated they would have been better off saying we don't know about what is going in Manchester and, therefore, we have no comment but I guess some people like to speak to be heard printed. That is the world we live in.

School Committee Member Ouellette stated we haven't talked yet about the elementary school phase of Phase II here. The pre-school to grade 5 upgrade of the Center City area, could you expand on what exactly the Center City area is and what about the other elementary schools where there numbers are creeping up to capacity? Are we addressing that problem?

Mr. Tim Clougherty replied I would like to defer some of the question on the Center City issue to Ron Chapman. We developed a plan in concert with the School Administration along with recommendations from the Parsons Brinckerhoff report. In discussions with School Administration and upon review of the demographics and population projections, it was concluded at this time that capacity related additions in other areas were not going to be undertaken. That is not to say that they can't be undertaken in the future but at this time the most pressing need was in the Center City area. Maybe Ron could speak a little bit about that.

Mr. Ron Chapman stated what Mr. Clougherty said was very accurate.

Mayor Baines stated we can pursue some of this at some other time. We are not going to get all of the questions answered tonight.

School Committee Member Ouellette stated in terms of the questions I asked before regarding the timeline here is my concern and I understand the reason why it has to be done this way having a number coming in December and then the rest of the project coming through in April because they need their numbers but as Superintendent Suprenant stated if they don't get their numbers by December then they are not going to meet their deadlines and I understand that. My concern is, and I think it is a serious concern, that we are going to get a number and basically tell the contractor with the lower number on the high school phase in Phase I that they essentially have the bid without actually telling them that they have the bid so is the other one just going to go through the process because they know they are going to get some benefits back or is the other contractor low balling the high school number and going to increase on Phase II to make it up on the other end? I think that obviously we have to do it this way so we have to trust that these are two reputable companies, your Honor, and they will not be engaging in this practice.

Mayor Baines responded I don't think your conclusion is accurate at all. I think you need to stop there because that is not the understanding that I have from this conversation.

Mr. Tim Clougherty stated there are strategies and tactics involved with bidding on any two-phase proposal process. These are all things that we are talking about internally, how we are going to approach the proposals if they are significantly apart. The scenarios that you outlined are possible as are other scenarios that I am not going to get into but there are disclosure issues that we are currently discussing as part of the selection committee and we are trying to address exactly how we are going to move forward.

Mr. Kevin Clougherty stated I was just going to say remember that the award will be based on the entire two-phase project. The numbers that we get in December are primarily to provide to the surrounding towns the magnitude of the investment over the 20-year period.

School Committee Member Ouellette stated so we just want to make sure the numbers we give them are actually the most accurate numbers we can give them.

Mr. Kevin Clougherty replied right. They are not going to be able to, for example, in Phase II say I would like to change by Phase I number. The Phase I numbers are fixed and those are what the towns can take as the final numbers. Those are in the bank. Whether the award is made to Contractor A or B is based on the total package.

Alderman Gatsas stated I guess, Kevin, I need some clarification because there may be a misunderstanding. I think Committeeman Herbert thinks that for some reason the high school projects are a 10-year deal and not 20. Now I believe that the financing on all projects is going to be based on a 20-year deal. Now it may be that design and build is going to allow a contractor to come forward with a design and the building mechanism and the financing mechanism. Have you scrutinized the financing mechanism because obviously at the rates that the City can borrow money it is much cheaper than what a contractor can borrow money at?

Mr. Kevin Clougherty replied that is right. They may come in as part of their financing and say we would like the City to do the issue. It may be a 10-year deal, it may be a 20-year deal, it may be a piece of a deal. When we get all of that together, Alderman, we have kept all of that open so we can get the best deal.

Alderman Gatsas stated but at no time...the high school portion, that isn't paid back in a 10-year period, it is paid back over a 20-year period.

Mr. Kevin Clougherty replied it very well could be. That is right.

Alderman Gatsas stated well we are not going to accelerate payments because certainly the Department of Education is not going to allow accelerated payments on tuition.

Mr. Kevin Clougherty responded right. My understanding of the question that School Committee Member Herbert asked for was the scope of the project. Over the life of the project how much of this is going to get taken care of and that is what his comments were addressed to, not a specific time period but maybe I misunderstood him.

Alderman Gatsas stated so basically we are looking at a 20-year project...

Mr. Kevin Clougherty interjected conceivably.

Alderman Gatsas asked do you think it could be done for less.

Mr. Kevin Clougherty answered I won't hold out that it couldn't. I want to hold judgement until we get the proposals. Traditionally it would be 20 and it is not going to surprise us if it is 20 years.

Alderman Gatsas asked so Frank if the two bidders come in on December 6 and both proposals are \$100 million and we say we can't go forward do we pay stipends to both of them.

Mr. Thomas answered no we don't pay anything. We only pay stipends after we get approval from you people and we are into the second phase.

Alderman Gatsas asked so if we go to the second phase, which means that we have taken a vote on December 6 to go forward and we are in the second phase at that point and we are paying a stipend to one company and the School Districts that are sending say we are not sending any longer because they didn't vote for the warrant, do we pay a stipend for the companies who have gone into Phase II.

Mr. Thomas replied yes because at that time we have made the commitment to pay a stipend to go into the second design phase. As a follow-up to where you are leading, if by chance the joint Boards decide not to go ahead with any projects in April we would then be looking at paying both firms a stipend for their design activities.

Alderman Gatsas asked so the City is going to be at risk at some point after December 6 whether we go forward or not.

Mr. Thomas answered if we don't go forward after December 6 there is no obligation. Our recommendation would be a stipend commitment to move into the second phase.

Mayor Baines stated it is only if we go into the second phase.

Alderman Gatsas asked isn't it fair, though, to tell the sending communities a little bit before December 6 what the position of both Boards is.

Mayor Baines answered I think the timeline we are moving with is adequate.

Alderman Gatsas asked when do you plan on bringing something forward to this Board.

Mayor Baines answered as soon as they are ready we will schedule it.

Alderman Gatsas asked so you are saying you would call for a special meeting if it comes in December 6 or sooner.

Mayor Baines answered yes.

Mr. Kevin Clougherty stated in all honesty I think when you get the information on December 6 we are going to have to analyze that and take some time to look at it. We will provide information to the surrounding towns, obviously so they will have that but their votes aren't until March.

Mayor Baines replied yes but they did say they need the information as soon as possible.

Mr. Kevin Clougherty responded yes they need the information but they don't make the votes until March and I think that is the point that Frank is trying to make here. We don't have a commitment from them until March and we are in Phase II and again if there is some discomfort with our entering into Phase II until Phase I is complete, you could always do something there.

Alderman Shea stated I don't want to compare this to five people buying a house and we are one party and Hooksett is another and Bedford is another and so forth but my question is we as a community are going to allocate a certain amount of funding. Are we the gatekeeper? Are we the people that these other communities are going to funnel the money to and then we are going to pay off any kind of bonding?

Mr. Kevin Clougherty replied right.

Alderman Shea stated well if we are what if they do not for whatever reason come up with their part of the bargain. In other words, if Hooksett has a flood or some kind of a problem and they can't come up with the money who is responsible then? Are we?

Mr. Kevin Clougherty replied I think your analogy is the right one. We will issue the debt and we will have the responsibility for paying off the debt service but there would be agreements with the surrounding districts to make dollars available to the City to provide the cash flow for their fair share of that. What happens in the event that they don't make the payments is part of the negotiation process that Brad is working on. That agreement, that tuition agreement that comes back, is going to be an important approval. You want to make sure again that you have all of the pieces before you approve the total project.

Mayor Baines stated I think tonight I can say that everything has been said and tonight everyone has said it except for School Committee Member Kelley-Broder.

This being a special meeting of the Boards, no further business was presented and on motion of School Committee Member Kelley-Broder, duly seconded by Alderman Smith, it was voted to adjourn.

A True Record. Attest.

City Clerk