

## BOARD OF MAYOR AND ALDERMEN

March 10, 2009

7:30 PM

**Mayor Guinta** called the meeting to order.

The Clerk called the roll.

Present: Aldermen M. Roy, Gatsas, Sullivan, J. Roy, Osborne, Pinard, O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Ouellette, Murphy

**Mayor Guinta** called for the Pledge of Allegiance, this function being led by Alderman Gatsas.

**Mayor Guinta** stated before we begin this evening we just have one presentation. If Mr. Hal Jordan would please come forward along with Pam Goucher and Alderman Garrity.

**Mr. Hal Jordan** stated on behalf of the Manchester YMCA we have had a 17-year collaboration with the City of Manchester and we run a program called Youth Opportunities Unlimited which serves 150 very low income kids at the Beech Street and Wilson Street schools. It is partially funded by CIP and each year we have a community partners luncheon, which we had last week, and I know you couldn't make it so we wanted to extend a personal thank you and tell you how grateful we are for the support from the CIP Committee. These kids on average pay \$3 per week and the street rate is about \$55 so none of these kids could participate if it wasn't for your support. We have 24 kids on full scholarship. They get their homework done every day. They get exercise every day. It is a community service project and a wonderful program. On behalf of all of us at the YMCA we want to present you with this plaque that says:

“The Greater Manchester Family YMCA celebrates our long-standing community partnership with the City of Manchester’s Community Improvement Program”

There is a beautiful picture of the kids with their families that we serve for you to enjoy.

**Mayor Guinta** stated thank you very much. We invited Hal to come and present this to the City because I do believe that despite the challenges each and every year we have with our budgets, as does each and every other community, we do our very best to work with community partners and with kids. I am thankful and grateful that you are recognizing not just the City but the CIP process, which also extends to every member of this Board. Thank you Hal for coming. We continue to be a good partner. We think you do a wonderful job for this City and I thank you for taking the time to come out.

**Mr. Jordan** responded thank you. I appreciate it.

### **CONSENT AGENDA**

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

### **Information to be Received and Filed**

- A.** Approved minutes from the Commission meeting held January 27, 2009, January 2009 Financial Report, and January 2009 Ridership Report submitted by Carey Roessel, Executive Director MTA.
- B.** Communication from Denise van Zanten, Library Director, announcing the Library’s participation in this year’s nationwide program: The Big Read.

## **REFERRAL TO COMMITTEE**

### **COMMITTEE ON COMMUNITY IMPROVEMENT**

- C. Communication from Mark Brewer, Airport Director, requesting approval for acquisition of a new Canine vehicle to be added to the Airport fleet.

## **REPORTS OF COMMITTEES**

### **COMMITTEE ON HUMAN RESOURCES/INSURANCE**

- E. Advising that the recommendation of the Special Committee on Parking in the vicinity of high schools regarding a Seasonal Parking Control Officer has been received and filed.

*(Unanimous vote)*

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

### **COMMITTEE ON HUMAN RESOURCES/INSURANCE**

- D. Advising that discussion relative to the New Hampshire Retirement System has been received and filed.

*(Unanimous vote)*

**Alderman DeVries** stated I would like to ask the Chair of this Committee about the disposition of this. It has been received and file but is there a recommendation that the Committee intended to make? I thought that was...

**Alderman Gatsas** interjected no it was just received and filed.

**Alderman DeVries** stated I guess I would like to know the reasoning behind that decision as this in essence will kill the legislation at the state level because I understand the committee in the House is holding the legislation pending our authorization.

**Alderman Gatsas** stated I think the HR Director can address that.

**Ms. Jane Gile**, HR Director, stated this was a report that was made to the HR Committee. I believe it was in August, and at that time I believe there was discussion relative to the rates that were incurred for retirement system employees, both Police and Fire. I don't think there was a recommendation coming forth. It was primarily informational.

**Alderman DeVries** asked can I follow-up with the Chair? So there was legislation that the City Contributory Retirement had sent for review. This is not the report pertaining to that? Is that still in your Committee?

**Alderman Gatsas** answered I think they were going to go back and see if there was any fiscal impact and we have not heard from them. Isn't that what they were supposed to do? I think he was here...

**Alderman DeVries** interjected I am not on the Committee and that is why I was asking.

**Alderman Gatsas** stated he was not here at the last meeting but when he was here and presented the legislation, the Board felt that he needed to tell us whether there was a fiscal impact to the City and we have not had that report.

**Alderman DeVries** asked Your Honor, have you followed-up with the Retirement System? I was just approached by somebody on the House side indicating that they are looking for direction. I would hate to see something that is just a housekeeping measure, according to the Retirement System ITL's, fail for lack of information from this Board.

**Alderman O'Neil** asked are we talking about state retirement or City retirement?

**Alderman DeVries** answered this would be the City Contributory Retirement System.

**Alderman Gatsas** stated he came before us and said he was going to get back to us.

**Mayor Guinta** stated my recollection was that we referred it to...I didn't think we referred it to HR.

**Alderman O'Neil** stated I think we referred it to the Committee on Administration.

**Mayor Guinta** replied correct. The issue was that there were some fiscal concerns that needed to be addressed. I am not sure if they have been addressed in Administration yet but Representative Pilotte did contact our office looking for a status. I think what we did was talk to Alderman O'Neil about trying to schedule...have we done that yet?

**Alderman O'Neil** stated I spoke with Mr. Laliberte today. He was following-up on Representative Pilotte's concerns. The Administration Committee is meeting next week. Ms. Freeman in the Clerk's office was going to attempt to reach out to Mr. Fleury to see if he could be available next week. We missed a meeting due to a lack of a quorum and we had to change another meeting for some other reason. It is in our Committee and we are going to try to do the best we can to at least address it at the Committee level. I think Ms. Freeman was going to invite Representative Pilotte to the meeting next week also.

Of course, we won't have a full Board vote to take a position on it. I think it has to come out of the House next week, correct?

**Alderman DeVries** replied thank you.

*On motion of Alderman Shea, duly seconded by Alderman Garrity, it was voted to accept the report and adopt its recommendations.*

4. Nomination(s) to be presented by Mayor Guinta.

**Mayor Guinta** stated there are no nominations this evening.

5. Legislative Update presented by Mayor Guinta.

**Mayor Guinta** stated we have distributed the Legislative Update. Unless there is a question, I will move on.

**Alderman O'Neil** stated Mark did a nice job summarizing all of the retirement bills. I believe they are all state retirement bills. Have you taken a position or has the City taken a position?

**Mayor Guinta** responded no.

**Alderman O'Neil** asked is there anything here we need to take a position on?

**Mayor Guinta** answered possibly. I have not taken a position yet on anything. What I plan to do and hope to do sometime next week...I have been focused on budget issues but next week I will go through these piece by piece and talk to some of the different department heads as well and give an updated recommendation to the Board in writing on whether I am going to take a position.

**Alderman O'Neil** stated as I said, and not to repeat myself every week, but I am just worried that something will pass that will cause a mass exodus of police officers and firefighters in the City of Manchester and I am very concerned about that. This is not the right time for that. We could never backfill the positions quick enough and the cost in severance going out the door would be a great challenge to the City of Manchester.

**Mayor Guinta** stated the expectation I have is to talk to any department head that may have a direct impact or indirect impact to legislation and get their recommendation, and then go through them myself and bring any formal recommendations to the Board in writing. It wouldn't necessarily be at a Board meeting. It may be in advance of that.

*On motion of Alderman Shea, duly seconded by Alderman Murphy, it was voted to recess the meeting to allow the Committee on Finance to meet.*

**Mayor Guinta** called the meeting back to order.

**8. Report(s) of the Committee on Finance**

There were no reports of the Committee on Finance.

**9. Report(s) of the Committee on Accounts, Enrollment & Revenue Administration**

There were no reports of the Committee on Accounts, Enrollment & Revenue Administration.

**10. Report of the Committee on Lands and Buildings**

A Majority report of the Committee on Lands and Buildings was presented, respectfully recommending, after due and careful consideration, that \$50,000 received from the sale of the Jac Pac freezer equipment be transferred to the Anagnost Companies.

**Acting City Clerk Matt Normand** stated we have a minority report from the Committee on Lands and Buildings as well. You can take a vote on the majority report first or I can read the minority report.

Mayor Guinta stated I don't have it in front of me so if you could just read it please.

A Minority report of the Committee on Lands & Buildings was presented by Alderman Jim Roy respectfully recommending, after due and careful consideration, that the \$50,000 received from the sale of the Jac Pac freezer equipment be retained by the City and not transferred to the Anagnost Companies.

*Alderman M. Roy moved to accept the majority report. Alderman O'Neil duly seconded the motion.*

**Alderman J. Roy** stated the reason I asked to have that minority report come in is, as I explained at the Committee meeting earlier, I have problems with paying the \$50,000 due to the fact that in the report from MHRA in their summary it states quite clearly that the equipment was gone two months before the purchase and sales was signed. I think a

simple walkthrough by the person that is buying the property just before they signed the purchase and sale would have revealed that those freezers were gone. The other thing in the report, which may be inaccurate and got me to think that this was inappropriate was that MHRA said they had never given a walkthrough to anybody from the Anagnost Company. That is on page 3. It says that they did not give anybody from that group a walkthrough. The purchase and sale was signed on June 28<sup>th</sup>. The freezers were gone on April 1<sup>st</sup>. I just don't think it makes any sense. It wasn't in the RFP. Also on the purchase and sale, it wasn't in there. If you buy a piece of property and there is something specific you want on that piece of property, you are going to spell it out. It wasn't spelled out. I don't think we have any reason to pay the \$50,000 just because someone assumed that it was going to be there. That is why I filed the minority report.

**Mayor Guinta** asked what report are you referring to?

**Alderman J. Roy** answered it is a report that came to the Committee from Attorney Craig, I believe on behalf of MHRA. It gives a chronological order of everything and the summary says "in reading the purchase and sale it is clear that the sale included all fixtures attached or affixed to the property." When the purchase and sales agreement was executed, the freezer equipment had been removed from the building.

**Alderman M. Roy** stated on the surface Alderman Jim Roy is correct but the complexity of this transaction...the purchase and sale took almost four months to draft through multiple attorneys and our Solicitor's office. I think it is wrong for us to believe that anyone coming to do business with the City through one of our non-profits, MHRA, should have to watch every one of these Aldermanic meetings to make sure that they don't get short-changed or the deal changes. I read the summary on behalf of the MHRA attorney that the final line basically says neither MHRA or their respective officers or agents made any representations to Anagnost Investments as to the inclusion or exclusion of the freezer equipment as a fixture of the real estate. Hearing that coming

from the people that this Board had represent us in the sale, they never went out and said we are taking this out. They should have. That simple one line statement ‘this is going to be removed’ ...it was reviewed during the developer’s walkthrough, it was in the original intent of what was going to be sold looking at our minutes. Mr. MacKenzie looked at it as a detriment to the property that any developer would have to deal with so the developer did his best when he looked at the property and said this is what I am left with and these are the pros and cons and figured out his numbers from there. I think it is an unfortunate transaction – the timing between the developer walkthrough and the sale of the freezer equipment and fixtures that went along with it. I think it is an unfortunate miscommunication that MHRA or our Economic Development Department could have taken care of with one phone call or one letter to Anagnost Investments saying this has been removed so adjust your prices accordingly. Since it wasn’t done, I believe the buyer should be taken care of on the City’s behalf.

**Mayor Guinta** stated the one thing I would add to that is it does state there was a developer’s walkthrough, which there was, and at that time there was a clear understanding, at least in my opinion, as to what was included in the sale. At the time, this was clearly part of the sale. I have talked to MHRA about this. I think there was a change in view over a period of time. At the time it was fairly clear what was included in the purchase and this equipment and other equipment was supposed to be included. So this to me is something that should have been resolved many, many months ago. It has taken a long time to resolve it. I am glad that at least now the Board is taking a vote on it.

**Alderman Osborne** asked was that in writing, Your Honor?

**Mayor Guinta** answered there was a developer’s walkthrough and I think there was a very clear understanding...

**Alderman Osborne** interjected was the freezer in writing?

**Mayor Guinta** responded this document says that the freezer was not included or excluded. What was included was the property and I think there was a very clear verbal understanding that that was part of the property.

**Alderman Osborne** stated well, whenever I buy something I have to sign and I get what I sign for and nothing extra.

*Mayor Guinta called for a vote on the motion to accept the majority report of the Committee on Lands and Buildings and adopt its recommendations. The motion carried with Aldermen Sullivan, J. Roy, Osborne and Murphy duly recorded in opposition.*

**Alderman J. Roy** stated I have a comment. So that this is a positive for the future, shouldn't we make sure that we don't have this disjointed process? If MHRA is in charge of a property, can we ask that they work hand-in-hand with the Economic Development Office so that we don't have this problem in the future?

**Mayor Guinta** replied yes.

**Alderman J. Roy** stated it doesn't make sense that two different entities are working towards the same goal and they are not even talking. It just doesn't make any sense to me.

**Mayor Guinta** responded I don't disagree with your sentiment. I have asked that in the past and I will ask for that again in the future.

**Alderman M. Roy** stated I agree with Alderman Jim Roy's sentiments explicitly. The other thing I would like to ask department heads in the future is if anyone has looked at this Lands and Buildings agenda and you look back to our minutes, even though I voted

against the sale of these assets when it came up because I thought we were pricing them wrong, we were talking about freezer equipment and when we now look at the schedule of assets and we have changed a number of department heads between Economic Development and Planning and other places, please when you give things to this Board be as explicit as you can be. When I look at this list now we are talking about forklifts and racks and pallets and battery chargers for industrial equipment. It does not even come close to representing what we talked about during the sale of freezer equipment.

11. Communication from Bruce Thomas, Highway, requesting approval to utilize funds in the amount of \$35,110 from CIP #713206 (South Willow Street/South Maple Street Intersection Improvements) to pay for a portion of the remaining local share of the Candia Road Project.

*On motion of Alderman Garrity, duly seconded by Alderman Shea, it was voted to refer this communication to the Committee on Community Improvement.*

**Alderman Gatsas** asked is this all the money, because this is like the pot at the end of the rainbow?

**Alderman O'Neil** stated this is a project that Alderman Garrity and myself with the support of Alderman Shea brought in well under budget.

12. Communication from Bruce Thomas, Highway, requesting authorization for the Public Works Director to sign the maintenance agreement for the Exit 5, Granite Street interchange.

*On motion of Alderman O'Neil, duly seconded by Alderman M. Roy, it was voted to authorize the Public Works Director to sign the maintenance agreement for the Exit 5 Granite Street Interchange.*

13. Communication from Jay Minkarah, Economic Development Director, requesting acceptance of the Comprehensive Economic Development Strategy report.

*On motion of Alderman Shea, duly seconded by Alderman Sullivan, it was voted to accept the Comprehensive Economic Development Strategy report.*

**Acting City Clerk Normand** stated we do have two additional reports.

### **Report of the Committee on Public Safety, Health and Traffic**

A report of the Committee on Public Safety, Health and Traffic was presented respectfully recommending, after due and careful consideration, that the request from Steve Boucher of the State Department of Resources and Economic Development for free on-street parking in the area of Murphy's Taproom for their event on March 19, 2009 from 8 a.m. until 4 p.m. be approved.

*Alderman O'Neil moved to accept the report and adopt its recommendations. Alderman Smith duly seconded the motion. Mayor Guinta called for a vote. The motion carried with Alderman Murphy abstaining.*

### **Report of the Committee on Joint School Buildings**

A report of the Committee on Joint School Buildings was presented respectfully advising, after due and careful consideration, that the request from Kevin O'Maley for the change order for the Cosmetology wing (E-1) of the Manchester School of Technology as identified in the memorandum has been approved.

*Alderman O'Neil moved to accept the report and adopt its recommendations. Alderman J. Roy duly seconded the motion. Mayor Guinta called for a vote. The motion carried with Alderman Murphy being duly recorded in opposition.*

## **TABLED ITEMS**

- 14.** Recommendation from the Special Committee on Riverfront Activities receiving unanimous vote that the City purchase a certain .2633 acre parcel of land located at 2 Line Drive under the terms and conditions identified in the attached purchase and sales agreement.

*(Note: The Board voted to accept and adopt the recommendation of the committee and it was then vetoed by Mayor Guinta. Additional communications have been provided by Pamela H. Goucher, Interim Planning Director and Leon L. LaFreniere, Building Commissioner, and forwarded to Board on September 8, 2008; Tabled 09/16/2008.)*

*On motion of **Alderman Lopez**, duly seconded by **Alderman Smith**, it was voted to remove this item from the table.*

**Alderman Lopez** stated I was wondering if there has been any discussion on this. It has been on the agenda for a long time. Are we going to go back to Committee on this or bring anything to the full Board?

**Mayor Guinta** responded I think this item is on the agenda while DES reviews shoreline protection for the area along the shoreline. This parcel is included. DES has not made a final recommendation or decision yet, which is why this is still on the table. Until that decision is made, I think we just have to wait. I have in the last month communicated with the owner just to have a quick conversation about it. He is of the same opinion, so I am happy to keep it on the table until that decision is rendered.

*On motion of **Alderman Lopez**, duly seconded by **Alderman M. Roy** it was voted to return this item to the table.*

## **NEW BUSINESS**

**Alderman Gatsas** stated I had a conversation with the Human Resources Director today in regards to the healthcare proposals that are coming forward and setting up a committee to review those. In that conversation, it came to my knowledge that with the new person

that we hired, we executed a broker of record agreement. I have some serious problems with that because that certainly implies that their could be commissions being paid and I thought we were hiring somebody to work in the best interest of the City and we were hiring them as a consultant but not as a broker of record because as a broker of record I get very nervous with that. I certainly would like to see that agreement, and I don't know who authorized for a signature of broker of record. She told me that we had another one but I don't think it was Jack Sharry but somebody else who got involved with the life and disability insurance. I certainly would like to see that broker of record agreement to make sure that this Board sends a very clear message that we aren't paying anybody commissions.

**Mayor Guinta** stated I don't believe...is their a broker of record agreement with the City of Manchester?

**Ms. Gile** responded I am going to have to backtrack a little.

**Mayor Guinta** replied before you do, first of all, Alderman Gatsas, you are asking for a copy of the agreement, correct?

**Alderman Gatsas** answered yes.

**Mayor Guinta** asked is that with the broker and the City?

**Ms. Gile** answered this is a service contract between the City of Manchester and Workplace Benefit Solutions. It is a service contract basically.

**Mayor Guinta** asked Alderman Gatsas are you talking about that contract or are you talking about...

**Alderman Gatsas** interjected I am talking about that contract. In that contract is a broker of record included?

**Ms. Gile** responded what I need to let you know is when we did the RFP for insurance consultant/broker we became aware, and I am not sure if the Board of Mayor and Aldermen is aware, that as part of our previous consultant's contract with us he subcontracted to other brokers for life, AD&D and stop-loss insurance. There are commissions that are being paid to those brokers who were subcontracted by the consultant for those particular services. We didn't know that in the HR Department but it came to our knowledge, and it was not disclosed to us previous to the RFP process that those commissions were being paid on those products.

**Alderman Gatsas** asked but Jack Sharry was not a broker of record and getting any commission on those?

**Ms. Gile** answered in terms of the RFP process, Jack Sharry delegated that process to other brokers who put the City's plan out to bid.

**Mayor Guinta** asked did he get a commission from those people?

**Ms. Gile** answered I don't believe he received a commission but I do know that the other brokers, unbeknownst to us, did receive commissions.

**Mayor Guinta** asked how would we even know if he got a commission from those entities? Would we even know?

**Ms. Gile** responded I did ask him that question.

**Mayor Guinta** replied other than his word how would we know? There is no way to verify that, correct?

**Ms. Gile** answered I don't know what the relationship would be, no.

**Alderman Gatsas** stated he was looking at those agreements that were coming back and making sure that they were in the best interest of the City and that they were the lowest prices he could find. So if there was a broker's fee involved in there that is obviously what was happening outside. I have a problem that we weren't doing the life and disability internally. There was no reason to outsource that. I look at some of those things and say it has to be very clear cut that whatever is being negotiated here there are no commissions included to be paid to this group because that is certainly not what this Board understood was going to happen.

**Mayor Guinta** stated well, I am not sure if this Board knew that it was happening before.

**Alderman Gatsas** responded no they didn't, because obviously nobody told us that either.

**Mayor Guinta** asked whose responsibility is it to let us know that they are issuing bids on behalf of the City? I think before I even became an Alderman the City somehow entered into a relationship with Jack Sharry.

**Alderman Gatsas** answered no, he hasn't been around that long, Your Honor. You were an Alderman.

**Mayor Guinta** asked how long has he been working with the City?

**Alderman Gatsas** answered since 2005 I believe.

**Mayor Guinta** asked so back then he entered into some sort of agreement or relationship with the City and he was issuing RFP's for stop-loss, AD&D and life without the consent or knowledge of the HR Department?

**Ms. Gile** responded no. I can give you a recent example. At an HR Committee meeting we came back with some costs relative to the life insurance and AD&D. He was requested to go back to bid on those. What we subsequently learned was that a person who believes he is the broker of record for the City, a Mr. Peter Cook, went out to bid...

**Mayor Guinta** interjected how did he become the broker of record?

**Ms. Gile** replied that I don't know. Jack contacted him and he went out to bid for life and AD&D. He submitted the bids to Jack who submitted them to the City.

**Mayor Guinta** asked what we were we paying for commission on stop-loss?

**Alderman Gatsas** answered stop-loss came out the package we had with Anthem.

**Mayor Guinta** stated I assume we were not cutting a check.

**Ms. Gile** replied no, we do not pay the commissions. The commissions are paid by the insurance company and they become part of our rate. The stop-loss, if you want to know how much the commission was on the stop-loss, I can tell you. It is in the area of \$47,000.

**Alderman M. Roy** stated it seems like every week we are having a new discussion regarding our consultant, our consultant/broker, other brokers and subcontractors. I personally have grave concerns and would like to see Kevin Buckley do an audit of this.

If there are brokers representing the City to other brokers who in turn are receiving a commission I am not sure we are getting with any company, whether it is Jack Sharry or the new group, what we as Aldermen and policy makers are setting up the consultant to do. In my mind the consultant should be working for the City and getting the best value for the City of Manchester. If through that a private entity makes money on their bid, that is one thing, but if there is another broker involved that is another middleman making a commission then I don't think we are getting the best rates for the City. I do have grave concerns about the dollars being spent. To add to that, the dollars being spent, is the fact that a lot of costly decisions are being made without being brought in front of this Board.

**Alderman Shea** stated I would like to put things in perspective for the other members of the Board. Jack Sharry was a consultant. He was paid \$30,000 a year as a consultant. That was the full extent of my understanding of his involvement even though there were brokers involved subsequently. The LSC that has been recently awarded will be given \$20,000. They will also receive brokerage fees depending upon the administrative costs that will be negotiated. In essence, for instance if \$1 is the difference between say \$40 and \$39, my understanding is that the City will receive \$.75 and LCS will receive \$.25. So in essence, without making any kind of a decision here on my part, it would seem to me that the brokerage firm would obviously benefit by any kind of agreements that they would make. Whether it is beneficial or not to the City, it certainly would tend to be, if that administrative fee were reduced by that \$1. That is my understanding. I worked with Jack Sharry as head of the HR Committee and certainly my understanding when we negotiated was he saved the City close to \$1.5 million at one time. Whether recently that has been realized because of the increase in benefits that we have had to pay plus the fact that there were some sort of run-offs that were involved...so that everyone can understand at least from my knowledge that is where it stands now. We have an LSC locally controlled by two people, one of whom was a former employee of CIGNA and apparently they have very little experience with municipalities. I think Jack Sharry worked for at least 200 municipalities. They have not worked with any municipalities.

They have worked with hospitals, restaurants and Coca-Cola workers. So that is my understanding and I guess whether it is an accomplished fact or not, that is your decision. However, I know that Jack Sharry did what was required of him. I think the difference now is that quarterly reports will be presented to the HR Committee or the HR Director.

**Alderman DeVries** stated I would concur that we need to initiate an audit of the insurance practices. I am extremely disappointed that this contract did not come before this Board nor were we alerted that we were going out to bid on this, as we saw when we reviewed the minutes. At face value it looks like a \$10,000 savings to the City, which when you factor in the broker fees this company stands to profit...I am not sure that that particular review was an apples to apples consideration of what we were getting on the dollar. You have executed this contract, Your Honor?

**Mayor Guinta** answered yes.

**Alderman DeVries** asked for what sort of term have you executed this contract?

**Ms. Gile** answered it is a three year contract.

**Alderman DeVries** asked for us to exit this contract since obviously we were able to do so with Jack Sharry without any sort of penalty clause, I would assume that also is built into this contract?

**Ms. Gile** replied yes it is.

**Alderman DeVries** asked so at any time...what is it, 30 days notice?

**Ms. Gile** answered yes, 30 days.

**Alderman DeVries** stated I don't know what the will of this Board is but I am very disappointed that the policymakers didn't share this particular decision because it is a traumatic shift in the way that we have put our insurance consulting out. Working brokerage fees directly into the proposal is not the way that the consultant had worked.

**Mayor Guinta** asked so you don't want it transparent? You want it actually hidden the way it used to be when Jack would go out and give money to life, AD&D and stop-loss without us knowing? You would prefer that to a transparent contract?

**Alderman DeVries** answered I am not sure if all of the brokerage fees have been disclosed by the new company. I agree that we need to have an audit. We need to know.

**Mayor Guinta** asked an audit of what? Of Jack and his past practices? Is that what you are talking about?

**Alderman DeVries** answered of how the fees are going to be collected under any contract.

**Mayor Guinta** asked so you want an audit of the current contract that was just executed? No dollars have exchanged hands yet. We can give a copy of the contract to every member of the Board. You can review it and if you have questions, talk to the HR Director. I am not sure what you want to audit exactly.

**Alderman DeVries** replied I am sure that audit can compare the previous contract to the current contract.

**Mayor Guinta** responded you can do an audit of the past but I don't think you can do an audit of the future.

**Alderman DeVries** stated I think they can anticipate what is going to be based on past practices of the City, Your Honor. I am sure that Kevin Buckley can give us an estimate of what he thinks is exchanging hands in this. Yes, we do want transparency but more so this Board, I believe, or at least this Alderman, would like to be part and parcel of that decision. That is a policy decision that we are shifting.

**Mayor Guinta** stated the Board has every right to change the existing policies that have been ongoing for the City. You heard the Solicitor's office say that this was done in accordance with standard practices and policies and ordinances of the City so I don't know why this one particular contract is creating so many problems. This is done throughout the City in every department.

**Alderman DeVries** replied I would say it was probably a problem because twice before we have been involved in consultation with Jack Sharry and twice this Board has weighed in favorably to continue working with him. That is why this was a change in practice.

**Alderman J. Roy** stated I don't have a problem with what has happened but what I want to say is we discussed going out and finding cheaper insurance at one meeting and a few meetings later we found out that we were now looking for a new consultant. I think that is where the problem lies with most of us. There was no communication letting us know what was going on, and I for one wish I had at least been told that we were going out to look for a consultant. It looks to me like we are getting a better deal. Again, I have nothing against Mr. Sharry, but if we had known what was being done...to me it was being done behind-the-scenes because I had no clue until we got here one night and it was disclosed, and there was even a discussion that some thought we had said go out and look for a new consultant and we hadn't. It was just go out and look for cheaper insurance. I, for one, would like better communication when stuff like this is happening.

**Mayor Guinta** asked is there anything new? First of all, the Aldermen want a copy of the contract so we will get you a copy of the contract. Is there anything else that you need?

**Alderman Osborne** stated I just want to say one thing. You keep mentioning Jack Sharry. I think basically this man is very good at what he does. He has the expertise. I think he saved the City, like Alderman Shea said, over \$1 million. When you start scrutinizing a person like that who has that kind of expertise, it is not very easy to go out and get somebody else. So we have to be very careful with what we do here I think. It is not a good thing to show him that we don't have any confidence or are starting to lose confidence in him.

**Alderman O'Neil** stated I came in here tonight just asking that maybe this Board go on record to send Jack Sharry a thank you, and now based on some of the stuff that I am hearing from some of my colleagues I am more bothered about the communication I sent to you a week ago. The consultant selection process was certainly flawed. I probably could use other words to describe it. We terminated an existing consultant for no cause. Now I asked both Solicitor Clark and Deputy Solicitor Arnold when the last time we did that was and they can't tell me when we did it. There was no cause to terminate that contract early. You don't treat people like that. I think that is a lousy process. It was never discussed at this Board and I find it hard to believe that we were going out to bid for third party administrators, and it just so happened that at the same time we were going out for a new insurance consultant and nobody told the Board. No one. You didn't. The HR Director didn't. The Solicitor didn't. No one could tell the Board that we were going back out for an insurance consultant when it happens to go hand-in-hand with going out for a new TPA. I am greatly bothered by that. Now I am hearing Alderman Shea talk about brokerage fees. I can't tell you brokerage fees went on before. All I can tell you is that we paid Jack Sharry \$30,000. That is all I know. It was a pretty straight-up process. You ask what can be audited. Maybe the selection process should be audited because it

certainly looks tainted in my eyes. I am greatly, greatly bothered by this. At the same time we are going to be accepting bids for a third party administrator or a possible third party administrator. I am greatly bothered by this. I am going to shift to one other thing. Are we out looking for a negotiator? Was there an RFP on the street for a negotiator? When was the Board going to be notified of that? I mean some of this stuff...this needs to be a wake-up call for some of the departments. Believe it or not, we are players in this thing and need to know what is going on. I am greatly bothered by some of this lack of communication recently and I have to get information third and fourth hand. That should not happen in this City. That is unacceptable in this City. I would like the question answered. Did we advertise for a negotiator? Who approved that and when was the Board going to be notified?

**Mayor Guinta** stated the answer is yes. I think it was put out two or three weeks ago.

**Ms. Gile** stated the RFP for that was sent out in December and it was in conjunction with the Solicitor's office. We had sent the RFP to a number of firms that do negotiations and it is a matter of getting an idea partly of what it would cost for a private firm to do that type of thing. There is the question, do we do a contract employee or do we have a regular employee or do we put it out to bid? What is in the best interest of the City? That was part of that whole RFP process for labor relations negotiator.

**Alderman O'Neil** asked Jane, who makes that decision?

**Ms. Gile** answered we did that in conjunction with the Solicitor's office, and I believe the Mayor was aware of it as well.

**Alderman O'Neil** stated to the best of my knowledge whether or not we have a negotiator lies with the Board of Mayor and Aldermen. I don't remember changing anything.

**Mayor Guinta** replied I am not sure that is accurate.

**Alderman O'Neil** stated I certainly didn't vote to say I don't want to hire a new negotiator. We haven't hired a negotiator for financial reasons, Your Honor. You don't go out unless you have intent. You don't go out for RFP's to say we want to see what the prices are. That is bologna. That is bologna. I am greatly bothered by this. I really am that the Aldermen are being cut out of the loop of what is going on in the City. These are City-wide matters. They belong at this level. Thank you.

**Alderman M. Roy** stated thank you Alderman O'Neil, and I agree with you wholeheartedly. I have a question for the HR Director. I was just handed a service contract that was recently executed. If you go to paragraph 16 and 17 in that contract or service agreement, were those two clauses regardless of the numbering, included in Jack Sharry's contract?

**Ms. Gile** replied I do have a copy of Jack Sharry's contract here but basically his contract was for all insurance products offered by the City so if that is part of your question, his contract was for \$30,000, and as I said previously, we were unaware that any commissions were being paid. In this particular contract there is an incentive for the firm...there is a \$20,000 fee in comparison to the \$30,000 fee and there is an incentive for this particular company to work hard for the City in terms of reducing any administrative costs that might be related to the health insurance. They can't do anything with utilization. Utilization is utilization, but they can work in terms of decreasing administrative costs and that is what the goal is. Any administrative costs that they are able to reduce for us the City will recognize 75% of cost savings related to that decreased cost and they would get 25%. So there is an incentive for them to work on the City's behalf.

**Alderman M. Roy** asked what is the potential value...

**Mayor Guinta** interjected excuse me for a minute. There are three different conversations going on. This is where we are. This is a signed contract. If there are issues or problems with past or future practice, I suggest you refer it to HR where you can have these questions hashed out and answered in HR. If you have a change of policy, review it in HR and bring it back to the Board of Mayor and Aldermen for consideration. I don't think it is appropriate for the full Board to be talking about this at this level. I would certainly entertain a motion to refer it to the HR Committee or the Chair of the HR Committee can put it on that agenda at any time. Alderman Gatsas, you asked about this and other people are now asking questions. My suggestion is if you have questions about the process and procedure, ask them at the appropriate place, which is at Committee.

**Alderman M. Roy** stated again Your Honor, I will ask the question and I don't sit on HR, so it would be at the Chairman's choice to recognize me at that Committee but why are these issues, especially 16 and 17 which have to do with the savings and the cost of this contract, not pertinent at this level of City government? Again, I want to know if this is standard practice, if Jack Sharry was receiving any of this, and why we are now offering this? In rough numbers this could potentially be a \$200,000 to \$250,000 contract, which I think definitely has a bearing at this level of City government.

**Mayor Guinta** replied I disagree with that but send it to HR. Any Alderman is welcome to attend that meeting and you can have that conversation. It sounds like it is a two hour discussion. I will take a motion to send it to Committee.

**Alderman Gatsas** stated with all due respect, Your Honor, it is already signed. What are we negotiating? What are we looking at?

**Mayor Guinta** responded members obviously have concerns and questions and the appropriate place is the HR Committee. I am not saying don't have the conversation. I am saying have it at the appropriate place.

**Alderman Gatsas** replied so what you are saying is if the HR Committee comes back with a recommendation to cancel this agreement, you will give them a 30 day notice?

**Mayor Guinta** responded no, that is not what I am suggesting. This contract is not even a month old.

**Alderman Gatsas** asked then why is your suggestion that we look at it? If we aren't going to terminate it then why are we going to look at it?

**Mayor Guinta** answered Alderman, you asked for this.

**Alderman Gatsas** stated I asked for it as soon as I was told that there were brokers of record involved.

**Mayor Guinta** stated fine, and there are other questions that people have, so I am saying if you have questions do it at Committee level. That is all I am saying, or if you have individual questions, do it on personal time with the HR Director. Is there a motion to send it or let's move on with the agenda?

***Alderman Garrity** moved to refer the item to the Committee on Human Resource and Insurance. There was no second.*

**Alderman Lopez** stated I have a comment. I think the most important thing that is brought out in this process is that we don't have all of the facts in regards to brokers. Probably in the insurance business there is always a broker. I don't know.

**Mayor Guinta** stated that is true; there is.

**Alderman Lopez** stated Jack Sharry...

**Alderman Gatsas** interjected pardon me?

**Mayor Guinta** answered there is typically a broker.

**Alderman Lopez** stated if you let me finish, I understand that the Alderman from Ward 2 at one time said we can do this stuff in house. I don't believe we can do it in house. We have had those discussions before in the HR Committee. I think the big problem is that contracts are signed by the departments, and it is ruled by the City Solicitor that they have that authority and we think everything is moving along, and we have a relationship or rapport with the individual that is a consultant who comes before the Board of Mayor and Aldermen and then find out, I think Alderman O'Neil and maybe Alderman Ouellette said it the correct way, that out of courtesy we should be involved. It is not that we are micromanaging the department heads in doing it but if there is going to be a new curve in the road in the direction we are going and we still don't know what the purpose was to get rid of Jack Sharry so to speak...we don't know what he did or didn't do or whatever the case may be that persuaded you or others to go out to bid, but all I am asking is that in the future if we are going to take another detour in the road on anything that has been standard policy that we have the courtesy of being included.

**Mayor Guinta** replied I have no problem with that. This RFP was followed like every other policy. The process and procedure that happened with this is what happens every time a department goes out for an RFP. If this Board wants to change that, you have every right to change it.

**Alderman O'Neil** responded Your Honor, that is not true.

**Mayor Guinta** asked well Alderman, did Finance notify you when they were going out for bond counsel?

**Alderman O'Neil** answered absolutely they would when they were going out for bond counsel or financial advisors. So that is not true, Your Honor.

**Mayor Guinta** asked how often do you get notification from Highway when they issue RFP's?

**Alderman Lopez** stated while you are debating up there let me finish my comment.

**Mayor Guinta** stated if you don't like the current policy then go and change it but the current policy is the current policy.

**Alderman O'Neil** asked I would like to see that policy in writing, Your Honor.

**Alderman Lopez** stated I think we are in a dilemma by sending this to HR. I agree with the Chairman. We are going to send it to do what? The contract is already signed and we are in the process of sending out insurance bids so we are going to have to go through the process and if we hold it up in HR and then bring it back to this Board what are these people going to do?

**Mayor Guinta** stated I am trying to move the meeting along. I am not sure what the issue is here amongst the Board but if the Board has an issue, deal with it at the appropriate level. If it is with past practice or future practice, deal with it at the appropriate level. It is the pleasure of the Board.

**Alderman Gatsas** stated Your Honor, I guess I really have a problem with this because when I look at 16B, when I look at that section and I don't know if you have looked at it, but did the City Solicitor review this contract?

**Mr. Thomas Arnold**, Deputy Solicitor, replied yes.

**Alderman Gatsas** asked did you make any changes to it?

**Mr. Arnold** stated there were a couple of drafts and a number of changes.

**Alderman Gatsas** stated when I look at 16B and somebody tells me that the administrator is going to pay monthly over the course of the contract on a per member, per month basis...we are not the administrators so that means that whoever we selected as an insurance carrier is the administrator and they are going to be paying somebody. I don't think that ever happened with Jack Sharry.

**Mayor Guinta** responded if there are...

**Alderman Gatsas** interjected Your Honor, I am just looking at that and saying we don't know what that cost is. He is looking at numbers and saying that anything that is saved after \$2.19 per member, per month...that per member, per month is a number that when you start multiplying it by 12 over the course of a year and you save somebody a dollar and you are picking up 25%, that is an awful lot of money. That is not the intent that I thought we had when we were looking for a consultant.

**Mayor Guinta** responded well then, I will take a motion to refer it to Committee for review and discussion.

**Alderman Gatsas** replied you are liable to get something that says terminate the agreement.

**Mayor Guinta** stated if that is your objective then...

**Alderman Gatsas** interjected that is not my objective but I think if we had these discussions before somebody entered into this agreement...what is the difference between this agreement and...

**Mayor Guinta** interjected I am going to say this one last time for everyone's benefit. If you want to change the policy or if you want to do an audit or review of what was done in the past, send it to Committee, review it there, make your changes and then vote at the full Board level.

***Alderman Murphy** moved to refer the agreement to the Committee on Human Resources/Insurance. **Alderman Garrity** duly seconded the motion. **Mayor Guinta** called for a vote. The motion carried with **Aldermen Ouellette, O'Neil and DeVries** being duly recorded in opposition.*

***Alderman Gatsas** moved that any contract that is in excess of \$5,000 comes to the Board for review before any department signs anything or anybody else does.*

**Mayor Guinta** stated please deal with that in Committee.

**Alderman Gatsas** responded no, I am not going to deal with it. We are going to deal with it tonight.

**Mayor Guinta** stated I am not going to accept the motion. This seems to be an emotional debate for some reason and I am not exactly sure why. I have asked you to review these things in Committee. There has been a motion made. It is being sent to Committee. Review it, contemplate it and then come back for a vote. I think that is a reasonable suggestion.

**Alderman Ouellette** stated I think the frustration that I am having with this, and I will be brief, is that everybody knows that this Board had a relationship with Jack Sharry. Jack Sharry sat in those chairs on many occasions. That is why us not knowing that the City was looking to go in another direction was I think very disrespectful to the Board. I think any time that consultants or people that we have a relationship with that City staff are going to knowingly go out and make a change, I think it is the proper and respectful thing to do to notify this Board.

**Alderman DeVries** stated I don't know that we completed the vote on the last motion. I heard a roll call requested. I would like to ask the HR Director to explain to me Item 16 on the contract.

**Mayor Guinta** responded with all due respect Alderman we are moving forward with other business.

**Alderman DeVries** replied I appeal to the Board, Your Honor.

**Mayor Guinta** stated I have asked several times politely if you have issues to send it to Committee. It has been sent to Committee and voted on. Please deal with it at the Committee level. That is all I am asking. I am asking again respectfully.

**Alderman DeVries** responded we didn't vote on that.

**Mayor Guinta** replied I didn't take a roll call. I took the motion and the second and I asked in favor...

**Alderman DeVries** interjected no, you didn't.

**Mayor Guinta** stated if there is new business I will take new business.

**Alderman DeVries** stated I will appeal to the Board because I have a question about the 25% and what that would have meant in our last medical contract. You know we went into that last medical contract with Alderman Gatsas thinking we were saving \$1.3 million, correct?

**Alderman Gatsas** replied no, I didn't think that we actually did save \$1.3 million.

**Mayor Guinta** stated that is not true. I don't want you to be entering facts that are not true. We did not save \$1.3 million. We budgeted a higher number than we should have. That is not a savings. Now we are not going to debate this issue any further. It has been referred to Committee. Review it in Committee.

**Alderman DeVries** stated I would like an answer to my question sent to the entire Board within the next couple of days because we are going out to bid. Hopefully in time for our next budget we are going to have the health insurance bid back. If this is in place with Item 16, 25% of any quantifiable savings, this is substantial dollars, and we can't wait to go through the Committee process.

**Mayor Guinta** responded she can get back to you in the next couple of days.

**Alderman DeVries** stated I would like her to take the information of the last round of when we transferred to Cigna and explain to me how if this contract was in place what the fee would have been, the 25% savings share, going to this particular broker.

**Alderman Ouellette** asked what was the vote on the last motion to send that to Committee?

**Mayor Guinta** answered it passed.

**Alderman Ouellette** asked can I be recorded as being opposed?

**Mayor Guinta** answered yes.

**Alderman DeVries** stated likewise.

**Alderman O'Neil** stated I am opposed also.

**Alderman Shea** stated I have some new business. I think I spoke to Jay before the meeting and I would like him to give a report at the next Board meeting regarding the Canal Street situation with the busing. I know that we are spending close to \$12,000 every month and I am not sure if we should continue to do that or if the state is going to come down. I know at one time there was \$160,000 that the state was going to contribute and we were going to contribute \$40,000.

**Mayor Guinta** asked Jay, can you get that to us before the next meeting?

**Mr. Jay Minkarah**, Economic Development Director, answered yes.

**Alderman Shea** stated yes, maybe before the meeting so we can look it over and ask questions. I know he mentioned it casually to me, coining a phrase that Alderman O'Neil uses sometimes, that there are about 60 people who are boarding the bus there but they are buying tickets apparently in Londonderry. That might not be accurate but I think the Board should be brought up-to-date on how much we have spent so far and how long we plan on doing this.

**Alderman Ouellette** stated back in February...I would like to ask the Chairman of the Committee on Administration...we extended the time for the fees for the taxis. This being our last meeting of the month, I am concerned that we are going to be extending that even further. I know that with the timeframes and the snowstorms a lot of meetings have been cancelled and I would just like to see this issue put to rest before the end of this month. I don't really want to see it dragged out because I think that the fees went up because of the gas prices and gas prices have significantly come down and I think the people who need the taxi service the most right now are kind of feeling the crunch.

**Alderman O'Neil** stated Your Honor, when we scheduled the Administration Committee meeting for next Monday we were originally trying to work with Comcast because that is one of the items, and we wanted to work around their schedule to have representatives here and the 16<sup>th</sup> was the date they could be here. That was prior to us changing the full Board meeting so all expectations were that we would have been bringing something back. I think what we may have to do, depending on where the Committee goes next week, is maybe phone poll the Board by the end of the month.

**Alderman Ouellette** asked would it be better to just extend it until April 7, which is our next Board meeting?

**Alderman O'Neil** responded my thought is we need to have a meeting. I know the Clerk's office was going to work to try to get some of the taxi cab representatives there so we get a picture of what is going on, the drivers more so than the owners because the drivers pay for the fuel themselves. I would like to suggest that we have the Committee meeting and maybe then we can phone poll the Board and then the Board can confirm it unless the Committee recommends extending it again.

*Alderman Smith moved to adjourn.*

**Mayor Guinta** stated I apologize but we can't do that yet. We need a motion to recess the meeting to meet with legal counsel regarding a collective bargaining agreement.

*Alderman Smith moved to recess the meeting to meet with legal counsel. Alderman J. Roy duly seconded the motion. Mayor Guinta called for a vote. There being none opposed, the motion carried.*

*There being no further business, on motion of Alderman Smith, duly seconded by Alderman Ouellette, it was voted to adjourn.*

A True Record. Attest.

City Clerk