

AGENDA

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

April 20, 2010

Aldermen Lopez, DeVries,
O'Neil, Osborne, Corriveau

5:30 PM

Aldermanic Chambers
City Hall (3rd Floor)

1. Chairman Lopez calls the meeting to order.
2. The Clerk calls the roll.
3. Presentation by Robert Cote, President of Brattle Consulting Group, Inc., regarding SubItUp.com and its impact on the Manchester Police Department.
Ladies and Gentlemen, what is your pleasure?
4. Communication from Connie Boyles Lane, Orr & Reno, regarding the Effluent Supply Agreement between Manchester and Granite Ridge Energy.
Ladies and Gentlemen, what is your pleasure?
5. Update from Jennie Angell, Information Services Director, regarding a new system provided by Innoprise Software.
Ladies and Gentlemen, what is your pleasure?
6. Communication from Andy Vachon, Acting Recreation Enterprise Manager, requesting the fair license fee be waived for the City's Independence Day Celebration at Arms Park.
Ladies and Gentlemen, what is your pleasure?
7. Communication from Jane Gile, Human Resources Director, regarding Bi-Weekly Payroll.
Ladies and Gentlemen, what is your pleasure?

8. Communication from Aldermen Arnold and Greazzo requesting the Committee consider charging a fee to organizations whose banners are hung over Hanover Street.

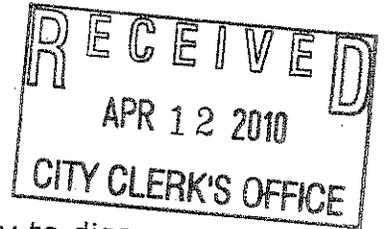
Ladies and Gentlemen, what is your pleasure?

TABLED ITEM

A motion is in order to remove this item from the table.

9. Communication from Jack Donovan, Executive Director of Business Finance Authority, requesting that the City support the effort to maximize the use of Recovery Zone Facilities Bonds by agreeing to waive its \$8,966,000 allocation and allowing it to be added to the statewide pool.
(Note: Tabled 3/16/10 at the request of the Finance Officer.)

10. There being no further business, a motion is in order to adjourn.



Mayor Gatsas,

My team and I would like to thank you for the opportunity to discuss SubItUp.com and its impact on the Manchester Police Department.

We would like to give a twenty to thirty minute presentation to the Committee on Administration at their earliest convenience. The goal of this presentation will be to outline SubItUp's functionality, address any questions and discuss scalability, integration and any other technical concerns.

We thank you in advance for your consideration.

Robert Cote
President, Brattle Consulting Group, Inc.



Normand, Matthew

From: Lane, Connie B. [CLane@orr-reno.com]
Sent: Monday, March 29, 2010 3:47 PM
To: Normand, Matthew
Cc: Clark, Thomas
Subject: Alderman's Agenda
Importance: High
Attachments: Lane, Connie B..vcf; Manchester Consent Revised lw draft.DOC; gre_effluent supply agreement.PDF

~~In Board of Mayor and Aldermen~~
Date: 4/6/10
On motion of Ald. DeVries
Seconded by Ald. Lopez
Voted to refer to the Committee on
Administration/Information Systems.



 City Clerk

Dear Mr. Normand,

I represent Granite Ridge Energy, LLC, which is the owner of a power plant in Londonderry. Granite Ridge requests that the Alderman consider its request for a consent in connection with a recent financing at their meeting on April 6, 2010. The request is anticipated in Section 7.3 of the Effluent Supply Agreement between Manchester and Granite Ridge Energy (f/k/a AES Londonderry, LLC), a copy of which I have attached to this email. Section 7.3 of the agreement provides that the City will cooperate with providing consents that might be required by any lenders of the "Project" in connection with its financing.

I have been in touch with Tom Clark over the past few weeks, and he directed me to request that this item be added to the agenda.

Please call me at 223-9129 if you have any questions or need additional information.

Thank you,

Connie Boyles Lane

Orr&Reno

One Eagle Square, P.O. Box 3550
 Concord, NH 03302-3550
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3/29/2010

4-1

CONSENT AND AGREEMENT

This CONSENT AND AGREEMENT, dated as of [_____], 2010 (this "Consent"), is executed by THE CITY OF MANCHESTER (the "Contracting Party"), and GRANITE RIDGE ENERGY, LLC, a Delaware limited liability company (formerly known as AES LONDONDERRY, LLC) (the "Borrower"), for the benefit of UNION BANK, N.A., as collateral agent (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") for the Secured Parties (as defined below). Unless otherwise defined, all capitalized terms have the meaning given in the Contract (as defined below).

WITNESSETH:

WHEREAS, the Borrower owns a natural gas-fired combined cycle electric generation facility in Londonderry, New Hampshire with a seasonally rated generation capacity of approximately 752 MW (the "Project");

WHEREAS, Contracting Party and the Borrower have entered into that certain Effluent Supply Agreement, dated as of February 3, 2000 (as amended, restated, supplemented or modified from time to time in accordance with the terms hereof and thereof, the "Effluent Agreement");

WHEREAS, in accordance with Section 3.1(d) of the Effluent Agreement, the Contracting Party has granted to Borrower certain easements and licenses for the purpose of the construction, operation and maintenance of, and access to the Pipeline (as defined in the Effluent Agreement), including, without limitation, those easements and licenses described on Exhibit A attached hereto (collectively, the "Real Property Entitlements", and together with the Effluent Agreement, the "Contract").

WHEREAS, the Borrower, the lenders party thereto from time to time (the "Lenders"), Union Bank, N.A., as administrative agent (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and as Collateral Agent for the Lenders and as letter of credit issuer, and WestLB AG, New York Branch and Union Bank, N.A., as joint lead arrangers and joint bookrunners, have entered into or will enter into a Credit Agreement, dated on or about the date hereof (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Lenders and the issuers thereunder will make loans and other extensions of credit to the Borrower on the terms and subject to the conditions set forth therein; and

WHEREAS, pursuant to a Pledge and Security Agreement, dated on or about the date hereof (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement"), between the Borrower and the Collateral Agent, for the benefit of the Secured Parties (as defined therein) (collectively, the "Secured Parties"), the Borrower has collaterally assigned all of its right, title and interest in, to and under, and granted a first priority security interest in, the Contract and all of its rights to receive payment under or with respect to the Contract and all payments due to the Borrower under or with respect to the Contract, whether as contractual obligations, damages, indemnity payments or otherwise, to the Collateral Agent for the benefit of the Secured Parties.

NOW THEREFORE, Third Party hereby agrees as follows:

SECTION 1. Acknowledgment; Consent to Assignment.

Contracting Party consents in all respects to the pledge and assignment to the Collateral Agent, pursuant to the Security Agreement, of all of the Borrower's right, title and interest in, to and under the Contract, including, without limitation, all payments due to the Borrower under or with respect to the Contract, whether as contractual obligations, damages, indemnity payments or otherwise (collectively, the "Assigned Interests"). Contracting Party agrees with the Collateral Agent, for the benefit of the Secured Parties, as follows:

(a) The Collateral Agent or its designee shall be entitled to exercise all rights and to cure any defaults of the Borrower under the Contract. Upon receipt of notice from the Collateral Agent, Contracting Party agrees to accept such exercise and cure by the Collateral Agent or its designee and to render to the Secured Parties or the Collateral Agent all performance due by Contracting Party to the Borrower under the Contract and this Consent and Agreement.

(b) If possession of the Project is necessary to cure such default or breach, and the Collateral Agent or its designee declares the Borrower in default and commences foreclosure proceedings, the Collateral Agent or its designee will be allowed a reasonable period to complete such proceedings. If the Collateral Agent or its designee is prohibited by any court order or bankruptcy or insolvency proceedings from curing such default or breach or from commencing or prosecuting foreclosure proceedings, the foregoing time periods shall be extended by the period of such prohibition. Contracting Party consents to the transfer of the Borrower's interest under the Contract to the Secured Parties, the Collateral Agent, or any of them or a purchaser or grantee at a foreclosure sale by judicial or nonjudicial foreclosure and sale or by a conveyance by the Borrower in lieu of foreclosure and agrees that upon such foreclosure, sale or conveyance, Contracting Party shall recognize the Secured Parties or the Collateral Agent or any of them or other purchaser or grantee as the applicable party under the Contract (provided that such purchaser or grantee assumes the obligations of the Borrower under the Contract).

SECTION 2. Representations and Warranties

Contracting Party and Collateral Agent, as applicable, make the following representations and warranties (such representations and warranties being made as of the date of this Consent and Agreement):

(a) Contracting Party has all requisite power and authority, constitutional (both state and federal), under the laws and regulations of the City of Manchester, and otherwise, to enter into and to perform its obligations hereunder and under the Contract, and to carry out the terms hereof and thereof and the transactions contemplated hereby and thereby.

(b) The execution, delivery and performance by the Contracting Party of this Consent and the Contract have been duly authorized by all necessary municipal or other action on the part of the Contracting Party.

(c) Collateral Agent has all requisite power and authority to enter into and to perform its obligations hereunder, and to carry out the terms hereof and the transactions contemplated hereby.

(d) The execution, delivery and performance by the Collateral Agent of this Consent have been duly authorized by all necessary action on the part of the Collateral Agent.

SECTION 3. Assignment, Termination, Amendment and Governing Law

This Consent and Agreement shall be binding upon and benefit the successors and assigns of Contracting Party, the Borrower, the Collateral Agent, for the benefit of the Secured Parties, and their respective successors, transferees and assigns (including without limitation, any lender, lessor, collateral agent and/or other entity that purchases, refinances, replaces or supplements all or any portion of any credit arrangements, indebtedness or other obligations made available or outstanding under any Loan Document (as defined in the Credit Agreement)).
Counterparts

This Consent and Agreement may be executed in one or more duplicate counterparts, and when executed and delivered by all the parties listed below, shall constitute a single binding agreement. Delivery of an executed counterpart of a signature page to this Consent and Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Consent and Agreement.

SECTION 4. Severability

In case any provision of this Consent and Agreement, or the obligations of any of the parties hereto, shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions, or the obligations of the other parties hereto, shall not in any way be affected or impaired thereby.

SECTION 5. Entire Agreement

This Consent and Agreement and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect of the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Consent and Agreement and any such agreement, document or instrument (including, without limitation, the Contract), the terms, conditions and provisions of this Consent and Agreement shall prevail.

SECTION 6. Headings

The headings of the several sections and subsections of this Consent and Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Consent and Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Consent and Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

CITY OF MANCHESTER

By: _____
Name:
Title:

UNION BANK, N.A., as Collateral Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

GRANITE RIDGE ENERGY, LLC

By: _____
Name:
Title:

Real Property Entitlements

1. That certain Cooling Water Easement, granted to AES Londonderry, L.L.C. by the City of Manchester, dated July 7, 2000 and recorded in Book 6265, Page 1889.
2. That certain License to Install Pipeline, granted to AES Londonderry, L.L.C. by the City of Manchester, dated July 11, 2000 and recorded in Book 6265, Page 1895, as amended by that certain Amendment to License to Install Pipeline, dated April 24, 2003 and recorded in Book 6912, Page 1505.
3. That certain Easement and Right-of-Way Agreement (Multiple Lines) granted to AES Londonderry, L.L.C. by the City of Manchester, dated January 31, 2000 and recorded in Book 3466, Page 2466.

EFFLUENT SUPPLY AGREEMENT

THIS AGREEMENT is made and entered into as of the 31st day of Feb, 2000, by and between AES Londonderry, LLC ("AES") and the City of Manchester (the "City"). Both AES and the City are hereinafter sometimes referred to as a "Party" and, collectively as the "Parties".

WHEREAS, AES is developing a power generation facility (the "Project") which will provide substantial benefits for the citizens of the State of New Hampshire;

WHEREAS, the City owns and operates a publicly-owned wastewater treatment facility (the "POTW") for the handling, treatment and disposal of wastewater which meets and is anticipated to continue to meet all applicable governmental requirements ("Effluent"); and

WHEREAS, the City is willing to provide and AES is willing to accept, in each case pursuant to the terms of this Agreement, Effluent;

NOW THEREFORE, the Parties hereto, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

ARTICLE I

DEFINITIONS

"Bankruptcy Event" means, in respect of any Person, (a) such Person shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or substantially all of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment of the benefit of its creditors, (iv) commence a voluntary case under the Bankruptcy Code or any similar or corresponding insolvency law, (v) file a petition seeking to take advantage of any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts, (vi) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against such Person in an involuntary case under the Bankruptcy Code or any similar or corresponding insolvency law, or (vii) take any other action for the purpose of effecting any of the foregoing; or (b) a proceeding or case shall be commenced without the application or consent of such Person in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution, winding-up, or the composition or readjustment of debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of such Person under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or any order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 90 or more consecutive days, or any order for relief against such Person shall be entered in an involuntary case under the Bankruptcy Code or any similar or corresponding insolvency law.

"Capital Improvements" means any new equipment or facilities necessary to ensure that the City is capable of delivering Effluent to the Point of Delivery, through a pipeline to be further described below (the "Pipeline") in the quantities specified in this Agreement.

"Effluent" means treated water provided from the City's Facility which meets all applicable Governmental Approvals and is delivered to the Pumping Station.

"Financing Parties" shall mean those Persons (other than AES) party to the loan contracts, promissory notes, documents, guarantee contracts, mortgages, pledges, subordination contracts, assignment contracts, subscription contracts, capital contribution contracts and other documents related to the acquisition of debt (whether senior or subordinate) and capital to carry out the Project, including any modification, extension, renewal, refinancing or replacement of the same.

"Force Majeure" means an event beyond the reasonable control, and not attributable to the negligence or willful misconduct, of the Party affected, including but not limited to the following: flood; earthquake; storm; lightning; fire; explosion; war; riot; civil disturbance; strike; sabotage; or electrical outage; provided, however, that Force Majeure shall not include any equipment failure due to neglected maintenance or repair.

"GDPIPD" means the Gross Domestic Price Implicit Price Deflator for a calendar year as published in the United States Department of Commerce, Bureau of Analysis publication entitled "Survey of Current Business".

"Governmental Approval" means any law, rule or regulation of any Governmental Authority and any authorization, consent, approval, license, franchise, lease, ruling, permit (including but not limited to any National Pollutant Discharge Elimination System (NPDES) permit), tariff rate, certification, exemption, filing or registration by or with any Governmental Authority (including, without limitation, zoning variances, special exceptions and non-conforming uses) relating to the construction, ownership, operation or maintenance of the Project, the Pipeline or the City's POTW (including those relating to Effluent), as the case may be.

"Governmental Authority" means any national, federal, state, provincial, departmental or municipal government or any political subdivision thereof, and any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any other governmental entity with authority over any aspect of the construction or operation of the Project, the Pipeline or the Authority's Facility, but excluding in each case the Authority.

"Maximum Continuous Consumption Rate" means 3,750 gallons per minute.

"Non-Conforming Effluent" means treated wastewater from the City's POTW which would otherwise be Effluent but for its failure to meet all requirements of applicable Governmental Approvals.

"Pipeline" means the approximately 3 mile pipeline, of 16" pipe, and ancillary facilities required to connect the Project with POTW for the purpose of delivery of Effluent in accordance with this Agreement. The Pipeline is based upon a conceptual design prepared by Hoyle, Tanner & Associates (HTA) in August 1998.

"Point of Delivery" means the point where the Pipeline, including any Capital Improvements thereto, is physically connected to the Pumping Facility, which location shall be at or inside the border of the City's POTW property and which shall be as otherwise agreed to by the Parties.

"Project Financial Closing" means the date AES obtains an initial drawdown on the financing for the construction of the Project. AES agrees to provide written notice to the City within thirty (30) days after AES obtains such initial drawdown.

"Pumping Facility" means a Pumping Station with related facilities capable of the Maximum Continuous Consumption Rate to be located within the POTW for the purpose of delivery of Effluent in accordance with this Agreement. The Pumping Station is based upon a conceptual design being prepared by Metcalf & Eddy (M&E).

ARTICLE II

SUPPLY OF EFFLUENT

SECTION 2.1 Effluent Supply. (a) Subsequent to completion of the Pipeline and promptly following delivery of a written notice from AES to the City specifying that delivery of effluent is to commence in accordance with the terms of this Agreement (the "Commencement Notice") and throughout the Term of this Agreement, the City shall make available to AES, on an exclusive basis, the Effluent being discharged from the POTW in amounts not to exceed:

- (i) 5,400,000 gallons per day; or
- (ii) 1,700,000,000 gallons per calendar year.

(b) Upon commencement of deliveries of Effluent, the City shall make available a daily quantity of Effluent which is all Effluent being discharged by the POTW up to the maximum amounts in 2.1(a). If the City is unable on any day to make available the maximum amounts specified in 2.1(a) such Effluent, whether due to a shortage of Effluent, due to the presence of Non-Conforming Effluent or otherwise, the City shall immediately upon obtaining knowledge thereof notify AES orally (with prompt written confirmation thereof or in writing of such inability to provide the maximum daily quantity of Effluent (a "Shortfall Notice"). Each Shortfall Notice shall specify (i) that a shortfall in the delivery of Effluent has occurred or will occur, the amount of such shortfall, the reasons for such shortfall and the anticipated length of such shortfall, including in each case all relevant dates, and (ii) the steps the City is taking to remedy the shortfall.

(c) Actual purchases of Effluent by AES may be less than the maximum allowed, and actual usage will, at the sole discretion of AES, vary according to the electric dispatch of the

Project, weather conditions, electrical outages (forced or scheduled), electric market conditions and ISO-NE safe utility operating practices. AES shall not be obligated to purchase any minimum amount of Effluent under this Agreement and shall be entitled to seek and obtain water from other available sources. Title and risk of loss of Effluent shall pass to AES upon AES' receipt of such Effluent at the Point of Delivery. Until such time as title to Effluent passes to AES, the City shall bear risk of loss of Effluent and shall retain liability for any and all claims, costs, demands, damages, expenses, liabilities and losses relating to Effluent or other discharges from the City's POTW.

(d) To the extent that the City is discharging quantities of Effluent in excess of the amounts specified in Section 2.1(a) above ("Excess Effluent"), AES shall have the right of first refusal to purchase Excess Effluent in accordance with the terms and conditions of this Agreement. If the purchase of Excess Effluent by AES requires additional infrastructure modification or improvements in order to deliver the Excess Effluent to the Project, AES will be solely responsible for the costs of said modifications or improvements.

(e) Solely for informational purposes, AES shall from time to time notify the City of its anticipated Effluent needs and the Parties shall work together in good faith to coordinate the timing of delivery of Effluent in accordance with such notice and the other terms of this Agreement. Subject to the requirements of applicable Governmental Approval and prudent practice, the City shall use its best efforts to coordinate any transmission of Effluent discharge so as to maximize the quantity of Effluent made available to AES with due regard to the timing of the Project's Effluent requirements.

SECTION 2.2 Quality of Effluent. The City shall maintain the quality of the Effluent in compliance with Governmental Approvals. Any treatment in addition to that required by Governmental Approvals shall be negotiated and agreed to by AES and the City; provided, however, any such additional treatment shall be at the sole cost of AES. The City shall be responsible for enforcing all ordinances related to pretreatment of waste streams entering the POTW system. The City shall notify AES of any proposed and final changes in its state and federal discharge permits.

SECTION 2.3 Compensation. (a) AES will pay the City quarterly for all Effluent delivered, and metered, at the Point of Delivery during the prior three (3) months. The base rate for Effluent supplied shall be twenty cents (\$.20) per one thousand (1,000) gallons. The base rate, and any escalation of same, includes all applicable taxes.

(b) The amount specified in Section 2.2(a) above is stated as of January 1, 1999. During the Term such rates shall be subject to annual escalation in accordance with GDPIPD (with 1999 being the base year), or if the parties so elect, such other mutually agreeable escalation index.

SECTION 2.4 Service Interruptions. The City will operate the POTW in a manner that minimizes interruptions in the flow of Effluent to the Project. The Parties will jointly schedule service outages for the POTW, if necessary, to correspond with planned outages of the Project. Upon the event of a temporary unscheduled interruption or curtailment in Effluent delivery, the

City shall work to minimize the period of time of the interruption or curtailment. The City shall provide a Shortfall Notice in accordance with Section 2.1(b) upon the interruption or curtailment of Effluent under this Section. If the Pumping Facility is the cause of the temporary unscheduled interruption or curtailment and the City fails to restore full service within 12 hours from the commencement of the interruption or curtailment the following provisions shall apply:

(a) AES has the right, but not the obligation, to contract with such contractors as reasonably approved by the City from time to time to step in and remedy the interruption or curtailment, with the good faith cooperation and under the direction of a City engineer or other duly appointed official of the City.

(b) All reasonable costs associated with the taking of actions applicable to the Pumping Station under Section 2.4(a) will be borne by AES.

SECTION 2.5 Non-Conforming Effluent. (a) If the City becomes aware that it has provided or will provide Non-Conforming Effluent, the City shall immediately notify AES orally (with prompt written confirmation thereof) or in writing (a "Non-Conforming Notice"). Each Non-Conforming Notice shall specify (i) when deliveries of Non-Conforming Effluent began or will begin, (ii) the amount of Non-Conforming Effluent delivered or to be delivered, (iii) the cause of such effluent being Non-Conforming Effluent, and (iv) the steps the City is taking to remedy the situation.

(b) AES shall have the right to reject all Non-Conforming Effluent. The City and AES will work together to develop a procedure for returning Non-Conforming Effluent to the City's wastewater treatment system.

(c) If AES elects to accept any Non-Conforming Effluent, the Parties shall meet and agree to the price which shall apply to such Non-Conforming Effluent. In negotiating a lower price for any Non-Conforming Effluent, the parties shall take into consideration the additional costs incurred by AES to utilize such Non-Conforming Effluent, including without limitation, the costs of increased treatment of the Non-Conforming Effluent.

ARTICLE III

PIPELINE, PUMPING STATION AND REAL ESTATE RIGHTS

SECTION 3.1 Concerning the Pipeline and Pumping Station. (a) AES shall be solely responsible, at its cost and expense, for constructing and installing the Pipeline and Pumping Station. As soon as is reasonably practical following the execution of this Agreement and from time to time thereafter as is reasonably necessary, the Parties shall meet to discuss the final design and siting of the Pipeline and Pumping Station. The Parties agree to cooperate in good faith to effect the purposes of this Article. The Pumping Station will be constructed, maintained and operated in compliance with all federal, state and local laws, ordinances and regulations.

(b) AES shall be solely responsible, at its cost and expense, for final design of the Pipeline and Pumping Station, the selection of the contractors to construct the Pipeline and Pumping Station and the siting of the Pipeline. The City shall have the right to review and comment on the design of the Pipeline and Pumping Station, the selection of the contractors and the siting of the Pipeline and AES shall incorporate those of the City's comment that it finds reasonable and in accordance with prudent practice and applicable Governmental Approvals. AES shall provide a performance bond to cover the costs of cleanup, demolition and/or restoration of the City's property and any right-of-way used by AES in the event that the project is terminated prior to completion of construction. All contractors, engineers and other parties working at the POTW shall provide such insurance and bonds as required by the City's rules and regulations.

(c) AES shall reimburse the City for its reasonable costs and expenses (including reasonable costs and expense of legal counsel and technical advisors approved by AES in writing) in connection with the design, construction and siting of the Pipeline and Pumping Station, including obtaining the necessary real property rights.

(d) AES and the City shall cooperate in good faith to obtain the necessary real property rights for the construction, operation and maintenance of, and access to the Pipeline. From time to time AES and the City shall meet and discuss the siting of the Pipeline and the course of action best suited to obtain such real property rights in the most time efficient manner and with the least cost. The City shall provide AES with an easement for the Pipeline within the POTW site and will grant to AES a license to use the public right-of-way for the Pipeline.

(e) AES shall, from time to time, provide the City with progress reports (whether oral or written) relating to the design, siting and construction of the Pipeline and Pumping Station. AES shall give the City prompt written notice of completion of the Pipeline and Pumping Station. Upon completion of the Pipeline and Pumping Station, the Parties shall execute such agreements and documents as shall be necessary to confirm AES' ownership of the Pipeline and the real property interests in the rights-of-way, and the City's ownership of the pumping station and other associated facilities located on the POTW site.

(f) The City agrees to cooperate fully with AES in connection with obtaining all necessary approvals, permits, and licenses from all regulatory agencies, governmental entities, municipalities and service providers.

SECTION 3.2 Operation and Maintenance of the Pipeline, Pumping Station and Related Facilities. (a) The City shall own, operate and maintain, or overhaul the Pumping Station on the POTW site according to terms and schedules to be agreed upon by the parties and set forth in writing, in a workmanlike manner, consistent with prudent practices in good operating condition and in compliance with all Governmental Approvals applicable to the Pumping Station. Such operation and maintenance shall be accomplished in a manner so as to minimize to the maximum extent practicable any disruption or interruption in the services to be provided under this Agreement. Prior to the acceptance of the Pumping Station by the City, AES will provide (i) that the Pumping Station is in full operation, (ii) written certification that the Pumping Station has been constructed in full compliance with all plans and specifications, and (iii) training for all POTW

personnel on the operation of the Pumping Station. AES shall have sole responsibility for the ownership, operation and maintenance of the Pipeline.

(b) AES shall own and maintain, on its side of the Point of Delivery, metering equipment to measure the delivery of Effluent to the Point of Delivery which equipment will determine the quantity of Effluent for billing purposes. AES shall read the meters daily to determine the quantities of Effluent supplied for billing purposes. AES shall keep records of the daily amount of Effluent delivered to the Point of Delivery in accordance with this Agreement and, not later than five (5) days after the end of the month following the end of each quarter after commencement of delivery of Effluent under this Agreement, provide written notice to the City of the amount of Effluent so delivered for each day of such month. At least once every year, or more frequently if the City reasonably requests, and with at least one week prior written notice to the City, AES shall test the accuracy of the metering equipment, at which time the City shall have the right to be present. If such test indicates that the metering equipment is not measuring accurately, AES shall recalibrate or replace the metering equipment and the charges and meter readings for the period of inaccuracy, so far as the period of inaccuracy can be reasonable ascertained, shall be adjusted, but no adjustment related to service provided prior to the beginning of the next preceding calendar month shall be made except by agreement of the parties.

(c) The City may own and maintain metering equipment to measure the delivery of Effluent to the Point of Delivery. The City may elect to read the meters monthly to confirm the quantities of Effluent supplied. At least once every year, or more frequently if requested by AES, and with at least one week prior written notice to AES, the City shall test the accuracy of the metering equipment, at which time AES shall have the right to be present. If such test indicates that the metering equipment is not measuring accurately, the City shall recalibrate or replace the metering equipment.

(d) AES shall reimburse all costs directly associated with operating and maintaining the Pumping Station reasonably incurred by the City as set forth in a schedule to be set forth in writing and mutually agreeable to the parties (the "Schedule").

(e) In addition to the amount specified in the preceding subsection, AES shall pay for the necessary replacement of pumps or other equipment or facilities according to their scheduled useful lives, or as mutually agreed to by the parties.

(f) If the City reasonably determines that the compensation provided for in the two preceding subsections does not adequately reimburse the City for the costs and expenses actually incurred by the City in connection with operation and maintenance of the Pumping Station in accordance with this Agreement, the City may provide written notice to AES to that effect. Thereafter the parties shall meet in good faith to discuss the issue with the goal of reaching a mutually acceptable reimbursement level for the City's costs and expenses relating to operation and maintenance of and access to the Pumping Station. If the parties are not able to reach a mutually acceptable arrangement in respect thereof AES shall have the right to determine if it may operate and maintain, or cause a third-party to operate and maintain, the Pumping Station. In connection therewith, the City shall use best efforts to accommodate any reasonable request of AES or such

third-party to allow the operation and maintenance of the Pumping Station, including but not limited to the execution of all such documents and instruments as may be necessary or advisable to allow such operation and maintenance. The foregoing notwithstanding, until such time as mutually acceptable alternative arrangements have been agreed to by the parties, a dispute concerning the level of reimbursement to the City shall not relieve the City of its obligation to operate and maintain the Pumping Station in accordance with the requirements of this Agreement.

SECTION 3.3 Capital Improvements to the Pumping Station. (a) In the event the City or AES reasonably determines that Capital Improvements to the Pumping Station are required, such party shall notify the other party and the parties shall meet in good faith to determine the scope of such Capital Improvements.

(b) AES shall determine if it would be more cost effective or expeditious for AES or the City, to implement the Capital Improvements agreed upon in accordance with Section 3.3(a).

(c) In the event the parties determine that the Capital Improvements shall be implemented by AES, any contractor used by AES shall be reasonably acceptable to the City. AES or such contractor shall coordinate with the City in order to ensure the minimum disruption of the parties' activities under this Agreement. The City agrees to use its best efforts to assist AES or such contractor in completing the Capital Improvements and agrees to promptly execute such documents and instruments as may be necessary or desirable to complete the Capital Improvements.

(d) In the event the parties determine that it would be more cost effective or expeditious for the City to implement the Capital Improvements, any contractor used by the City shall be reasonably acceptable to AES. The City shall use its best efforts to promptly implement the Capital Improvements with the minimum disruption of the parties' activities under this Agreement. The City shall provide to AES a budget and work plan (including timetable) for the implementation of the Capital Improvements.

(e) AES shall bear its own costs and expenses in connection with the implementation of the Capital Improvements. In addition, AES shall reimburse the City for its reasonable costs and expenses in connection with the implementation of the Capital Improvements; provided such costs and expenses are consistent with the budget provided by the City and approved by AES.

(f) In the event that the City or its agents causes damage to the property of AES while constructing, installing, operating, maintaining or repairing the Capital Improvements or the Pumping Station, the City shall restore or pay AES to restore, at AES' election, AES' property as nearly as possible to its condition prior to such damage. In the event that AES causes damage to the Capital Improvements or Pumping Station while constructing, installing, operating, maintaining or repairing the Project, AES shall restore or pay the City to restore, at the City's election, the Capital Improvements or Pumping Station and related facilities as nearly as possible to its condition prior to such damage. The provisions of this Section 3.3(f) are subject to all applicable laws of the State of New Hampshire (including those that relate to municipal entities).

ARTICLE IV

ADDITIONAL OBLIGATIONS OF THE PARTIES

SECTION 4.1 Additional Obligations of the City. (a) Immediately upon obtaining knowledge thereof, the City shall provide AES with oral (with prompt written confirmation thereof) or written notice of any violation of applicable Governmental Approvals relating to the City's POTW.

(b) Promptly after submission thereof to the applicable Governmental Authority, the City shall provide AES with a copy of any report, filing, notice, request for variance or similar document filed with or submitted to a Governmental Authority that relates to the City's POTW.

(c) Not later than the fifteenth day of the month following the last month of each quarter after the commencement of delivery of Effluent or at such other time as required in accordance with this Agreement, the City shall provide to AES a written invoice specifying in reasonable detail (including the method of calculation of any amounts invoiced) the amount claimed by the City from AES in accordance with this Agreement, including amounts under Sections 2.3, 3.1(c), 3.2(b), 3.2(d), 3.2(e), 3.3 and 7.3. Undisputed amounts set forth in any invoice shall be due and payable by AES not later than 30 days following receipt of such invoice.

(d) The City shall, upon prior written or oral request therefore, provide AES, the Financing Parties and each of their respective agents and representatives with escorted access during normal business hours to the City's POTW, the Pumping Station and the other property of the City as may be reasonably requested in connection with the development, financing, construction, operation and maintenance of the Project. The City shall, upon prior written or oral request therefore, provide AES, the Financing Parties and each of their respective agents and representatives with access during normal business hours to (and the right to reproduce) the City's books and records (including books and records relating to Governmental Approvals and compliance therewith) as may be reasonably necessary in connection with the development, financing, construction, operation and maintenance of the Project.

(e) Upon the reasonable request of AES, the City shall, at the cost and expense of AES, execute such additional certificates, documents, instruments, agreements and take such actions as may be reasonably required to give effect to the terms and conditions of this Agreement.

(f) The City shall cooperate with AES and its agents and consultants in AES' due diligence investigation to establish the reliability of the City's POTW.

(g) The City shall provide Effluent to AES, as needed, for the construction, startup and testing of the Project.

SECTION 4.2 Additional Obligations of AES. (a) Immediately upon obtaining knowledge thereof, AES shall provide the City with oral (with prompt written confirmation thereof) or written

notice of any violation by the City of applicable Governmental Approvals relating to Effluent delivery by the City in accordance with this Agreement (excluding, however, any violation of which the City notified AES).

(b) Upon the reasonable request of the City, AES shall, at its cost and expense, execute such additional certificates, documents, instruments, agreements and take such actions as may be reasonably required to give effect to the terms and conditions of this Agreement.

ARTICLE V

FORCE MAJEURE

SECTION 5.1 Force Majeure. If either Party shall be unable to carry out any obligation under this Agreement due to Force Majeure, this Agreement shall remain in effect, but such obligation shall be suspended for the period necessary as a result of the Force Majeure, provided, that:

(a) the non-performing Party gives the other Party written notice not later than forty-eight (48) hours after the occurrence of the Force Majeure describing the particulars of the Force Majeure, including but not limited to the nature of the occurrence and the expected duration of the disability, and continues to furnish timely regular reports with respect thereto during the period of Force Majeure and the disability;

(b) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure; and

(c) the non-performing Party uses its best efforts to remedy its inability to perform.

Notwithstanding the foregoing, the settlement of strikes, lockouts, and other labor disputes shall be entirely within the discretion of the affected Party, and such Party shall not be required to settle any strike, lockout or other labor dispute on terms which it deems inadvisable.

ARTICLE VI

TERM

SECTION 6.1 Term. (a) This Agreement shall take effect upon execution of the appropriate counterpart by each Party and, except as provided in Section 6.1(b), Section 6.1(c) or Section 6.2 below, shall remain in effect for a period of twenty-five (25) years from the earlier of full commercial operation of the Project or July 1, 2002 (the "Term"). This Agreement may be extended for up to two (2) successive five (5) year terms by mutual agreement of the parties. All references in this Agreement to the word "Term" shall mean the initial twenty-five (25) year Term as extended.

(b) This Agreement is conditioned upon AES' successful completion of the Project. It may be terminated by AES in its sole discretion (i) if AES is unable to obtain financing for the Project; (ii) if AES is unable to obtain all permits, licenses, and approvals necessary to construct and operate the Project; (iii) if a final determination is made that the Effluent is unnecessary to the Project; or (iv) if a final determination is made that the City is not a viable source of Effluent. Termination under this Section 6.1(b) shall be effective upon the City's receipt of written notice to that effect. Upon termination of this Agreement pursuant to this paragraph 6.1(b), AES shall, at its expense, remove all of its property and equipment from the City's property, and restore the site to its original condition, including without limitation the removal of any buildings or structures constructed on the City's property.

SECTION 6.2 Early Termination for Event of Default. (a) AES may terminate this Agreement (i) upon a Bankruptcy Event of the City or (ii) if the City fails to perform or observe any of its material obligations under this Agreement within the time contemplated by this Agreement and such failure continues for a period of time greater than thirty (30) days from the City's receipt of notice thereof; provided, that if the City is diligently pursuing a cure of such failure and such failure is not capable of remedy within such thirty (30) day period, such thirty (30) day period shall be extended to such period of time as AES may agree in its sole discretion. For the avoidance of doubt, it is understood that the failure to provide Effluent shall be grounds for early termination under this Section; provided, that if the failure to provide Effluent is excused due to the occurrence of Force Majeure, AES may only terminate this Agreement if such Force Majeure continues for a period of time in excess of 60 days whether or not such failure is excused by the occurrence of such Force Majeure.

(b) The City may terminate this Agreement (i) upon a Bankruptcy Event of AES or (ii) if AES fails to perform or observe any of its material obligations under this Agreement within the time contemplated by this Agreement and such failure continues for a period of time greater than thirty (30) days from the City's receipt of notice thereof provided, that if AES is diligently pursuing a cure of such failure and such failure is not capable of remedy within such thirty (30) day period, such thirty (30) day period shall be extended to such period of time as the City may agree in its sole discretion. The foregoing notwithstanding, the City may not terminate this Agreement without first giving the Financing Parties thirty (30) days written notice of the City's intention to terminate this Agreement. If said thirty (30) day period is insufficient for the Financing Parties to remedy such failure, said thirty (30) day period shall be extended to such period of time as the City may agree in its sole discretion. AES covenants and agrees to give written notice to the City concerning the identities and contact information of the Financing Parties from time to time and the City shall only be obligated to provide the aforementioned notice to Financing Parties of which it has received notice.

ARTICLE VII

MISCELLANEOUS

SECTION 7.1 Amendments. Etc. No amendment or waiver of any provision of this Agreement shall be effective unless in writing and signed or consented to by the Parties and then such waiver shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.2 Assignment. AES may assign this Agreement for financing purposes without the prior written consent of the City. Should the City privatize the operation of the POTW the City may assign this Agreement to a third party provided said third party has demonstrated experience successfully operating wastewater treatment facilities of the size and technology of the POTW.

SECTION 7.3 Cooperation in Financing. The City agrees to cooperate from time to time with AES and the Financing Parties in connection with the financing of the Project. In furtherance thereof the City agrees to enter into such consents to assignments or other agreements as AES or the Financing Parties may reasonably request and the City agrees to provide such certificates from its officers and such opinions of counsel (which may be outside counsel) as AES or the Financing Parties may reasonably request. AES agrees to reimburse the City for any costs and expenses reasonably incurred by the City in complying with its obligations under this Section 7.3, including the reasonable fees and expenses of counsel to the City.

SECTION 7.4 Confidentiality. The City, in performing its duties under this Agreement, will be provided confidential and proprietary information concerning the operations of AES. Except as required by any lawful subpoena or court order, neither the City, nor its employees, agent and contractors shall directly or indirectly, without the written permission of AES, a) disclose such confidential information to any person or entity, or b) use or permit to be used such confidential information. Such restrictions shall not apply to the disclosure or use of any such information that is readily available to the public, or after the time such information is readily available to the public.

SECTION 7.5 Notices. Etc. All notices and other communications provided for hereunder shall be in writing (including by telecopier) and shall be mailed, telecopied or delivered, if to AES, to it at 50 Nashua Road, Suite 202, Londonderry, New Hampshire 03053; if to the City, to it at City of Manchester, Highway Department, 227 Maple Street, Manchester, New Hampshire 03103, with a copy to Environmental Protection Division, 300 Winston Street, Manchester, New Hampshire 03103 as to each Party, to it at such other address or telecopier number as designated by such Party in a written notice to the other Parties. All such notices and communications shall be deemed received, (a) if personally delivered, upon delivery, (b) if sent by first class mail, on the third business day following deposit into the mails and (c) if sent by telecopier, upon acknowledgment of receipt thereof by the recipient.

SECTION 7.6 Severability. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the

remaining provisions of this Agreement or affecting the validity, enforceability or authorization of such provision in any other jurisdiction.

SECTION 7.7 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

SECTION 7.8 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW HAMPSHIRE WITHOUT REFERENCE TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

SECTION 7.9 Headings. The section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

SECTION 7.10 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 7.11 Waiver of Jury Trial. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY AGREEMENTS CONTEMPLATED HEREBY TO BE EXECUTED IN CONJUNCTION THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EACH PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

SECTION 7.12 Indemnification. AES hereby agrees to indemnify, defend (through attorneys reasonably acceptable to the City) and hold the City harmless from and against any and all claims, causes of action, damages, losses, costs (including reasonable and necessary attorney's fees) and liabilities of any nature, which may at any time be asserted against or suffered by the City relating to or arising out of the use of the Effluent after such Effluent leaves the POTW.

SECTION 7.12 Insurance. AES will provide an insurance policy naming the City as additional insured regarding any action related to this Agreement. The Insurance will be in accordance with the User Agreement, attached as Exhibit A and acceptable to the City's Risk Manager.

ARTICLE VIII

REPRESENTATION AND WARRANTIES OF THE PARTIES

SECTION 8.1 Representations and Warranties of the City. The City hereby represents and warrants to and for the benefit of AES as follows:

(a) Organization and Qualification. The City (i) is a governmental body, duly organized and validly existing under the laws of the State of New Hampshire, with full right and power under its organizational documents and under the laws of the State of New Hampshire to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby, and (ii) the City has the power to carry on its business as now being conducted and as proposed to be conducted.

(b) Authorization and Enforceability. The City has taken all necessary action to authorize the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the City and constitutes the legal, valid and binding obligation of the City enforceable in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (ii) general equitable principles regardless of whether the issue of enforceability is considered in a proceeding in equity or at law.

(c) No Conflict. Neither the execution and delivery of this Agreement nor compliance with any of the terms and provisions hereof (i) contravenes any Governmental Approval applicable to the City or any of its respective properties or other assets, (ii) conflicts with, breaches or contravenes the provisions of the organizational documents of the City or any contractual obligation of the City, or (iii) results in the creation or imposition of any lien upon any of the property or assets of the City under, or in a condition or event that constitutes (or that, upon notice or lapse of time or both, would constitute) an event of default under any contractual obligation of the City.

(d) Governmental Approvals. No Governmental Approval is required (other than those which have previously been obtained and are in full force and effect) to authorize, or is required in connection with the execution and delivery of this Agreement by the City.

SECTION 9.2 Representations and Warranties of AES. AES hereby represents and warrants to and for the benefit of the City as follows:

(a) Organization and Qualification. AES (i) is a corporation, duly organized and validly existing under the laws of the state of its incorporation, with full right and power under its organizational documents and under the laws of the state of its incorporation to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby, and (ii) has the power to carry on its business as now being conducted and as proposed to be conducted.

(b) Authorization and Enforceability. AES has taken all necessary action to authorize the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by AES and constitutes the legal, valid and binding obligation of AES enforceable in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (ii) general equitable principles regardless of whether the issue of enforceability is considered in a proceeding in equity or at law.

(c) No Conflict. Neither the execution and delivery of this Agreement nor compliance with any of the terms and provisions hereof (i) contravenes any Governmental Approval applicable to AES or any of its respective properties or other assets, (ii) conflicts with, breaches or contravenes the provisions of the organizational documents of AES or any contractual obligation of AES, or (iii) results in the creation or imposition of any lien upon any of the property or assets of AES under, or in a condition or event that constitutes (or that, upon notice or lapse of time or both, would constitute) an event of default under any contractual obligation of AES.

(d) Governmental Approvals. No Governmental Approval is required (other than those which have previously been obtained and are in full force and effect) to authorize, or is required in connection with the execution and delivery of this Agreement by AES.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and attested on the date first above written.

AES LONDONDERRY, LLC

Karen J. Belvin
Witness

By: [Signature]
Name: ROBERT J. WATKINS
Title: VICAR PRESIDENT

CITY OF MANCHESTER

Louise Bluskey
Witness

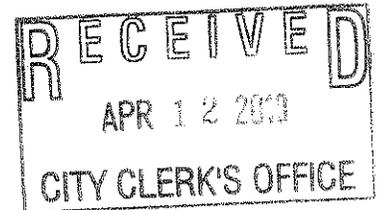
By: [Signature]
Name: Robert A. Baines
Title: Mayor

Approved:

CITY SOLICITOR

[Signature]

Jennie Angell
Director, Information Services



CITY OF MANCHESTER
Information Systems Department

April 12, 2010

Alderman Mike Lopez, Chairman
Committee on Administration and
Information Systems
One City Hall Plaza
Manchester, NH 03101

Dear Alderman Lopez;

The Information Systems Department has been reviewing an option to move the City of Manchester off of the Sungard (HTE) system to a new system that is provided by Innoprise Software. I would like to update the committee on what we are doing.

Sincerely,

Jennie Angell
Director, Information Services

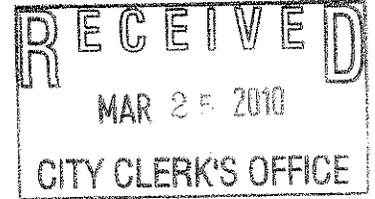
Kevin A. Sheppard, P.E.
Public Works Director

Timothy J. Clougherty
Deputy Public Works Director



Commission
Angelo Manni, Chairman
Andrew Manning, Clerk
Dennis Smith
Richard E. Powers

CITY OF MANCHESTER
Highway Department
Parks, Recreation & Cemetery Division



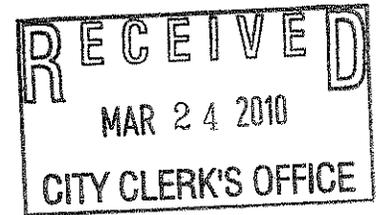
To: Committee on Administration
From: Andy Vachon, Acting Recreation Enterprise Manager *RAV*
Re: Independence Day Celebration
Date: March 24, 2010

The Parks, Recreation and Cemetery Division will be holding a fireworks display with vendors for the City's Independence Day Celebration at Arms Park on Saturday, July 3, 2010 with a rain date of Monday, July 5, 2010.

I respectfully request that the fee be waived for the fair license for this event.

Cc: Kevin Sheppard

Jane Gile
Human Resources Director



CITY OF MANCHESTER Human Resources Department

March 17, 2010

Alderman Mike Lopez, Chair
Administration/Information Systems Committee
One City Hall Plaza
Manchester, NH 03103

RE: *Bi-Weekly Payroll Report*

Dear Alderman Lopez and Members of the Committee:

The following report on bi-weekly payroll is rendered at the request of Mayor Theodore Gatsas. A proposal was suggested by Mayor Gatsas that the City explore the feasibility of changing payroll from a weekly to a bi-weekly function. The proposal anticipated potential cost savings, not only in direct operating costs associated with payroll, but indirect cost savings realized by freeing up payroll staff throughout the City on an every other week basis to attend to other functions, thereby decreasing the need for additional staff in the short and long term.

Further, the Mayor's Task Force on Efficiencies and Consolidation recommended the switch from weekly to bi-weekly payroll in their final report to the Board of Mayor and Aldermen. The change is viewed not only as means to reduce operating expenses, but also as means to potentially negotiate reduced banks fees and other payroll processing related costs.

A number of departments participated in researching the proposal, notwithstanding the Solicitor's office and the Finance Department. The initial phase of the research explored whether the City would realize cost savings from changing to bi-weekly payroll and would certain work redundancies be reduced or eliminated by the change in the payroll schedule. Questions raised relative to the issue were:

1. Can we quantify the actual savings?
 2. Do other municipalities have bi-weekly payroll? How did they get there?
 3. Are there any restrictions on the City's ability to change to a bi-weekly payroll?
 4. Is it possible to overcome any restrictions?
-
1. The Compensation Manager polled the larger departments who have payroll functions to ascertain what savings (hard and soft dollars) could be realized in their departments. The Parks and Recreation Department estimated no cost savings, due in part by the way time is recorded (15 minute increments – enterprise function or general fund). Police and Fire

1 City Hall Plaza • Human Resources Department • Manchester, New Hampshire 03101 • (603) 624-6543 •
FAX: (603) 628-6065

E-mail: HumanResources@ManchesterNH.gov • Website: www.manchesternh.gov

estimated minor savings, while the Highway Department and Health determined that payroll processing functions could save a combined 10 work hours/week for 26 weeks, or 260 work hours/year. Other costs related to paper were estimated. The HR Department estimated the most to gain by reducing the number of payrolls by half. An estimated 34 work hours for 26 weeks (884 hours/year) could be used for other purposes, first and foremost to increase accuracy and efficiency of operations, thereby benefitting employees and constituents. More time could be devoted to payroll functions in the off weeks including worker's comp billing, running monthly performance review date reports, performing payroll auditing functions, verifying accruals, making adjustments and reconciling statutory and city benefit accounts, including insurances, flex spending, retirement, etc., and providing time to run miscellaneous reports and queries as requested.

Estimated Annual Savings: \$34,241.11

The Finance Department performed a Payroll Analysis based on CY 2009 and savings realized by changing to a bi-weekly payroll. The Department anticipated savings in ACH transactions, wire transactions, interest savings as well as check stock and printing costs.

Estimated Annual Savings: \$14,523.59

TOTAL: \$48,764.47

2. Other NH communities were surveyed relative to bi-weekly payroll. Of those surveyed Nashua, Concord, Portsmouth, Rochester, Dover, Keene, Derry, Salem, Merrimack, only Portsmouth and Rochester do payroll on a bi-weekly basis. Both communities have performed this function for well over 20 years. It is interesting to note that the Manchester School District performs both weekly and bi-weekly payroll, which is dependent on the employee group.

The State of NH has bi-weekly payroll as do other large communities across the country including Philadelphia, PA, San Francisco, CA, Atlanta, GA, Detroit, MI and NY, NY.

3. To answer the question of restrictions to the proposal, a review was conducted of the 12 city collecting bargaining agreements, city ordinances, state law and the employee handbook. Practical implications of the switch were also considered.

State Law: RSA 275:43 Wages, dictates weekly payroll. The law, however, provides that the Commissioner can approve payment of wages less than weekly, but at least once a month. In order to change from weekly to bi-weekly, the City needs to request authorization to do so, stating a reason for the request. Permission must be obtained before implementing the change.

City Ordinances: City ordinances are not specific to payment of wages on a weekly basis nor do they identify a weekly payday.

Employee Handbook: The employee handbook reads: "Employees are paid each Thursday, unless otherwise stipulated by contract or department policy."

Collective Bargaining Agreements: A review of the contracts found no language that prohibits paying members on a bi-weekly basis.

Practical Considerations: The HTE system is programmed for weekly pay and weekly payroll deductions, including health and dental insurance, 457 retirement plans (including loan repayments), wage assignments and any other authorized garnishments.

4. Identified restrictions:
 - a. Approval must be obtained from the state of NH to change to bi-weekly payroll.
 - b. The employee handbook would need to be revised (minor issue).
 - c. Although the language in the collective bargaining agreements does not prohibit bi-weekly payroll, 2 unions have filed grievances relative to the issue and 2 unions have filed a Demand to Negotiate bi-weekly payroll.
 - d. The HTE system would need to be re-programmed to accommodate the switch. The IRS and others would need to be noticed of the change in payroll timing, as well as the effects on payroll deductions (insurances, retirement plans, garnishments, etc.).

Conclusions:

- 1) The State of NH must approve bi-weekly payroll. If approval is not given, the City must continue to pay employees weekly.
- 2) Changing to bi-weekly payroll is doable. Cost savings and efficiencies can be realized, also recommended by the Mayor's Task Force on Efficiencies and Consolidation.
- 3) Prior to effectuating the change, outstanding issues will need to be addressed:
 - a. Employees - is it the express wish of the Board of Mayor and Aldermen to solicit agreement from affiliated and/or non-affiliated employees prior to instituting bi-weekly payroll?
 - b. Transition period – a thoughtful, well-devised plan needs to be considered that will assist employees to transition to a bi-weekly pay schedule – elements of the plan to include the timing of the change, a recognition of the financial challenges for some employees who are dependent on weekly paychecks and the investment of the city in programs to assist employees in making the transition successfully, e.g., money management classes, employee savings plans offered prior to the transition, or loan programs offered during the transition period.
- 4) Bi-weekly payroll is a city-wide issue; therefore, interdepartmental involvement in coordinating the effort, if approved, is essential to its success. Consideration should be given to the formulation of an interdepartmental "Payroll Committee" whose charge is the successful transition of employees to a bi-weekly pay day.

Respectfully submitted,



Jane E. Gile, SPHR
Human Resources Director

DEPARTMENTAL BI-WEEKLY PAYROLL SAVINGS

Highway	Paper supplies and 6 hours of processing time for 26 weeks	\$ 4,108.20
Fire	Paper, envelopes and 1 hour of time	\$ 764.68
Police	1/2 hour savings but when comes to reconciling grants, it can take longer because have to provide info 10 days after last day of quarter and may not have info in a timely manner.	\$ 367.48
Health	4 Hours of Gabby's time. 1/2 hour of Connie's time and \$29	\$ 4,529.02
Parks/Rec/Cem		

HR DEPARTMENTAL BI-WEEKLY PAYROLL COST SAVINGS

Dawna's time	10hrs/week 26 wks/Yr	\$ 9,790.61
Jane's time	2hrs/week 26 wks/Yr	\$ 2,817.65
Eileen's time	3hrs/week 26 wks/Yr	\$ 1,246.93
Sandy's time	19hrs/week 26 wks/Yr	\$ 9,466.62
Copier Drum		\$ 225.78
Copier Toner		\$ 690.15
Paper	9 Cases of paper	\$ 234.00

\$ 34,241.11

City of Manchester
 Payroll Analysis From Weekly to Bi-Weekly
 Finance Department
 Calendar Year 2009 - Savings

	Qty	Fees/Costs	Total
ACH Transactions:			
Payroll Taxes	26	0.15	\$3.90
Contributory Retirement	26	0.15	\$3.90
ACH File Transmissions	26	25.00	\$650.00
Employee Direct Deposits	31,850	0.15	\$4,777.50
Wire Transactions:			
Hartford	26	13.00	\$338.00
Total no. checks cut	7,000	0.40	\$2,800.00
Check Stock	7,000	0.06	\$420.00
Micr Toner Cartridge	1	320.00	\$320.00

Annual Payroll \$54,186,983.86
 Average weekly payroll \$1,042,057.38

Interest Savings:			
Weekly Payroll	\$1,042,057.38	1.00%	<u>\$5,210.29</u>

Total Estimated Annual Savings \$14,523.59



CITY OF MANCHESTER
Board of Aldermen

MEMORANDUM

TO: Committee on Administration
Aldermen Lopez, Corriveau, DeVries, O'Neil, Osborne

FROM: Aldermen Arnold and Greazzo *PA, PG*

DATE: March 22, 2010

RE: Proposed Fee for Banner Display over Hanover Street.

As you know, for many years the City has agreed to hang banners over Hanover Street at the request of area organizations. Such banners typically advertise upcoming events within the City. According to the City Clerk, the banners are hung by city employees.

Consistent with the Board of Mayor and Aldermen's recent efforts to make city government more efficient, and reduce the burden on Manchester taxpayers where possible, we request that the Committee consider charging a fee to organizations whose banners are hung over Hanover Street.

A one-time fee (e.g., \$50) imposed for such displays would help defray the cost borne by the City to compensate the city employees who are responsible for hanging the banner(s).

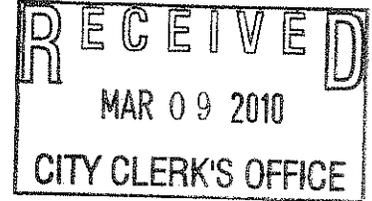
Of course, we yield to the discretion of the Committee to determine whether imposition of such a fee would unnecessarily deter organizations from utilizing this opportunity for advertising.

Thank you for your consideration.



**NEW HAMPSHIRE
BUSINESS FINANCE AUTHORITY**

March 2, 2010



Mr. Jay Minkarah
Economic Development Director
City of Manchester
1 City Hall Plaza
Manchester, NH 03101

Dear Mr. Minkarah:

The American Recovery and Reinvestment Act of 2009 amended the Internal Revenue Service Code, authorizing State and local governments to issue Recovery Zone Facility Bonds. Recovery Zone Facility Bonds may be used to finance certain qualified business property within designated recovery zones. New Hampshire's \$135 million volume cap for Recovery Zone Facilities Bonds is allocated among the counties and the City of Manchester based upon relative employment declines in 2008. All Recovery Zone bonds must be issued by the end of 2010.

The NH Business Finance Authority, which has traditionally issued all of New Hampshire's business bonds, has worked with the counties to maximize the use of the Recovery Zone Facilities Bond allocations. Specifically, in accordance with Section 1400U-1(a)(3)(A) of the Act, the counties have waived their Recovery Zone Facilities Bond volume cap allocations, allowing them to revert to the State and the BFA. The BFA, in turn, has reallocated the bond cap to seven projects located throughout the state, including \$35 million to a project located in Manchester (26% of the NH total). We have additional job creating projects that are ready to proceed, subject to receipt of additional Recovery Zone Facilities Bond volume cap allocation.

FINANCING FOR NEW HAMPSHIRE'S FUTURE

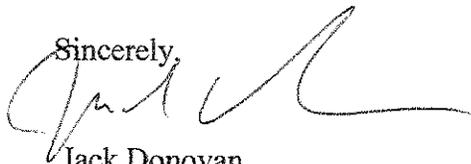
2 PILLSBURY STREET, SUITE 201
CONCORD, NEW HAMPSHIRE 03301-4954
603-415-0190 • FAX: 603-415-0194



I am writing to request that the City of Manchester support this effort to maximize the use of Recovery Zone Facilities Bonds by agreeing to waive its \$8,966,000 allocation and allowing it to be added to the statewide pool. By doing this, the City will insure that the bond allocation will be used and NH employees and businesses will benefit. For your convenience, I have attached a sample waiver letter.

If you have any questions regarding either this letter or the waiver request, please feel free contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Donovan", written over the word "Sincerely,".

Jack Donovan
Executive Director

I, John H. Lynch, Governor of the State of New Hampshire (the "State"), hereby delegate the authority of the Governor of the State of New Hampshire pursuant to Part II, Article 41 of the Constitution of the State of New Hampshire to allocate \$8,966,000 of New Hampshire volume cap for Recovery Zone Facility Bonds, which volume cap allocation has been waived by the City of Manchester in the State of New Hampshire, to the New Hampshire Business Finance Authority; provided that any allocation made pursuant to this authority shall comply with all limitations and requirements stated in Internal Revenue Code Section 142, the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5 (the "Act") and all guidance promulgated under the Act including Notice 2009-50 released on June 12, 2009; and further provided that such authority shall include the authorization to make all representations, file all documents and take all other actions as may be required for compliance with State and federal law.

John H. Lynch
Governor

Dated: _____, 2010

BOS111 12405577.2

_____, 2010

John H. Lynch, Governor
Office of the Governor
State House
25 Capitol Street
Concord, NH 03301

Dear Governor Lynch:

The American Recovery and Reinvestment Act of 2009 amended the Internal Revenue Service Code, authorizing State and local governments to issue Recovery Zone Facility Bonds. Recovery Zone Facility Bonds may be used to finance certain qualified business property within designated recovery zones. The New Hampshire volume cap for Recovery Zone Facilities Bonds is allocated among the counties and the City of Manchester based upon relative employment declines in 2008.

The City of Manchester cannot use this Recovery Zone Facilities Bond allocation because it is not authorized to issue bonds for private businesses. In accordance with Section 1400U-1(a)(3)(A) of the Act, I am writing to waive the City's Recovery Zone Facilities Bond volume cap allocation. I understand that the waived bond cap will be reallocated by the State as it shall determine in good faith in its discretion. Eligible projects located in jurisdictions that have waived their allocation will be given priority for reallocation of the volume cap.

Sincerely,

Mayor

cc: Jack Donovan, Executive Director, NH Business Finance Authority