

**SPECIAL COMMITTEE ON THE CIVIC CENTER
(Continuation of 9/22/99 meeting)**

September 28, 1999

5:15 PM

Chairman Wihby called the meeting back to order.

The Clerk called the roll.

Present: Aldermen Wihby, Rivard, Cashin, Hirschmann, O'Neil

Messrs: S. Ashooh, Mr. Clougherty

Chairman Wihby addressed Item 3 of the agenda:

Further reports on agreements.

Mr. Ashooh stated your Committee was recessed last week to reconvene tonight in anticipation of receiving some news of what was happening with the American Hockey League. I think Mr. Scheer informed you last week that the team was working very, very hard to bring this key component of the civic center project to fruition and that they expected something in the next few days. I am pleased to announce, although it has been a little bit harried, that after four of five days of Mr. Scheer and his team working through the weekend that the American Hockey League voted this afternoon at about 3 PM to the best of my knowledge unanimously to grant a franchise to the City of Manchester and bring the City of Manchester into the American Hockey League family. I would like to say that this was a unanimous vote and it is predicated on one condition. It is a conditional grant and the condition is that the City of Manchester build a building. You can't have a hockey team without ice to skate on. It is the only condition. We are pleased to have it. The particulars of that grant, the franchise was activated in the name of Mr. Howard Baldwin. Mr. Howard Baldwin is a former owner of the WHL Boston Whalers, which became the Hartford Whalers. Interestingly, at that time the Hartford Whalers were also a tenant of Frank Russo who I think some of you have met so we have some history there. Mr. Baldwin also is a former owner of the National Hockey League Pittsburgh Penguins and if I can read just two statements from the American Hockey League, "The President and CEO announced this afternoon that the league's Board of Governors unanimously approved the conditional transfer of the location of the AHL franchise owned by Howard Baldwin to Manchester, NH." Mr. Andrews said "We are thrilled to add Manchester, NH to the American Hockey League family. We are confident that

Mr. Baldwin's experience in professional hockey will contribute to a successful franchise which all of New Hampshire can be proud of." From Mr. Baldwin, "I am delighted once again to be part of a proud tradition of New England hockey and especially happy to be bringing a professional franchise to the Manchester area. I hope that we can realize just some of the success that the University of New Hampshire and the terrific high school and youth hockey programs have achieved over the years." It is unfortunate that he could not be here tonight but this has happened so fast and we have been working so hard since the last meeting to bring this all together. We are still in the process of gathering documents and getting people's schedules together so that we can have the principals here before this Committee. I would like to emphasize that the documents that form the agreement between the hockey team, Ogden and the City conform to the requirements set down by your Committee and this Board for this project to meet, including the term of this lease which is a 15-year deal. It brings to the table some additional private investment and risk money that we think is significant. There are business people who are willing to put a business into this facility for the length of time that we want under the conditions that we need to protect the taxpayers of the City of Manchester. That is my statement for tonight and we will be getting the documents together as quickly as possible so that you can review them. I will now take any questions, Mr. Chairman.

Chairman Wihby stated my understanding is that the documents will be ready by next Tuesday if we recess again until next Tuesday.

Mr. Ashooh replied that is correct. We have sets of documents that we have to get together and reconcile and put the whole package together for you.

Chairman Wihby asked what is left. Now we negotiate. Everything is all signed I guess but from there where are we headed?

Mr. Ashooh answered there are two key pieces left in this project. We still need to complete the sale of the club seats which is moving along nicely basically to complete the realization of that 20% private investment and we also have our team, Mr. Stern is working on putting together the financing commitment for the project because that is, again, one of the requirements here. Those are the two major items and then I think we will have documents that will tie everything together for your review.

Chairman Wihby asked so you will start working on the financing tomorrow.

Mr. Ashooh answered we are working on that now. That has been going on for some time. Putting it into a shape where it is suitable for review by this Committee is really what we are looking to do at this point.

Alderman O'Neil asked where does the private financing stand. How many banks are sitting at the table talking, etc.?

Mr. Ashooh answered that I can't tell you. That is a question for Mr. Stern. I will tell you that we are aware of the interest of several New Hampshire banks that are interested in taking a look at this project.

Mr. Clougherty stated, Alderman, one of the things that I understand is that the banks were waiting for the Memorandums of Understanding to be complete and now that they have that they have something that they can take to their people to look at. The next step with the MOU's is to convert those into contracts. Remember that the Memorandums of Understanding simply lay out the terms of the business deal. The next step is for the lawyers to take the MOU's and to convert them into contractual language and also that the MOU's were written in sequences at the time so that a lot of the things that might overlap there might be addressed as part of the contract. Once the contracts are taken care of, now they can use the MOU's to go to the banks and talk a little bit about what the actual deal arrangements might look like and get some response from banks. That has been the hold up there.

Alderman O'Neil stated today's paper indicated that there were discussions with other possible owners. Can I ask why those discussions weren't brought before us?

Mr. Ashooh answered we have had ongoing discussions with several potential ownership groups, Alderman, for probably 18 months and it some of these discussions never rose to the level that they merited consideration of bringing them to this point. I can tell you that we have had several significant negotiations, but we asked our consultants, Scheer Sports, to develop criteria and in conjunction with Ogden Entertainment, carry those preliminary discussions on and then basically evolve it into an issue or a proposal that would deserve the consideration of this Board and the City.

Alderman O'Neil stated what concerns me in all honesty is that I was certainly aware before a lot of the items that got handed out tonight that Mr. Baldwin had some financial problems with his ownership when he owned the Pittsburgh Penguins and I am concerned with whether we are dealing with him solely out of desperation to meet a timeline.

Mr. Ashooh replied no, Sir; he was not the only person at the dance.

Alderman O'Neil asked why weren't other owners brought before us.

Mr. Ashooh answered we needed to first of all confirm that the ownership groups that we spoke to would be able to perform. We didn't want to bring to this Committee everyone and believe me we got some really strange proposals over the last couple of years and we needed to know that the criteria that we had laid down, the protections, that we had a serious proposal put before you. Frankly, those judgments, I think, and the quality of this proposal can be answered more fully when the principals are all gathered here and you can ask those questions directly.

Alderman O'Neil stated the next question is for Deputy Clerk Johnson or Solicitor Clark. To continue this project forward, have we voted for the bond to build this or does that still need to come before us?

Solicitor Clark replied the bond has been approved. You still have to approve the final start-ups, you have to approve the contract between the City and Ogden, and you have to approve the lease arrangements...everything is still subject to final approval by the Board of Mayor and Aldermen.

Alderman O'Neil asked but those items will not require 10 votes but will only require majority vote.

Solicitor Clark answered yes.

Alderman Hirschmann asked with reference to the AHL, do they have thresholds of cash and assets for the ownership group.

Mr. Ashooh answered they have their own financial due diligence which they must perform on anyone who wishes to be an owner. That owner also has to past muster with the other 19 members of the AHL.

Alderman Hirschmann asked so it takes a majority vote of the AHL Board of Governors.

Mr. Ashooh answered it takes a majority vote but it also takes financial submission, net worth statements and the ability to...they are looking for owners who are going to be successful.

Alderman Hirschmann asked do they actually buy into the franchise.

Mr. Ashooh answered well it could change from group to group. Some people come before the Board already owning a franchise. In this case, Mr. Baldwin is the owner of a dormant franchise. Some franchises are...an expansion franchise for instance would be purchased outright directly from the league. It is a little bit different process but they also have to meet the same financial requirements.

Alderman Hirschmann stated one thing that I think is really important for the people of Manchester is the hockey excitement aspect and affiliation. Which franchise would we be affiliated with?

Mr. Ashooh replied we don't have that yet. This is one of those few franchises that the AHL has grandfathered so that it doesn't need an affiliation. Part of the excitement of having a franchise is the development of an affiliation with a team, selecting the team name and these are things that Manchester gets to put its own stamp on its professional hockey team in New Hampshire. It is really an exciting time for the City to take a look at something like this and really have our own team and not necessarily adopt the colors and the name of some other towns team.

Alderman Hirschmann asked is that a place where we could make money though. Could the City, in fact, approach the Bruins or another organization and make money by affiliating with them?

Mr. Ashooh answered the Bruins already have an affiliation in Providence. That is there American Hockey League Affiliation, but there are 26 NHL teams and 19 AHL teams. There are four or five unaffiliated teams and a number of NHL teams that share their players with other franchises. Some time ago we had discussions with Montreal. Their franchise in Fredericton at the time had players from the Montreal Canadians, as well as the Los Angeles Kings. Since that time, the Los Angeles Kings have taken an affiliation with the Lowell Loch Monsters and we are looking forward to that type of affiliation taking place here.

Alderman Rivard stated I think this question is for Solicitor Clark. Obviously this project is not moving along as smoothly as we expected. There have been a lot of delays and changes. Is there a drop-dead date that pops up? If this Board doesn't approve all of the arrangements that Mr. Ashooh is talking about, what happens if they can't get the majority of support from this present Board before the end of the year?

Solicitor Clark replied we have agreed to negotiate in good faith with Ogden until the end of the year. At that point, you can just terminate all of the agreements if you want. If...there is no requirement that it be done by the end of the year but we all feel that we are at the point now where you need to move forward a little quicker and we are trying to get the documents done.

Alderman Rivard asked so if this Board doesn't approve all of the documents and break ground, they don't start over again with the next Administration or the next Board. Is that what you are telling me? They just move on.

Solicitor Clark answered they can continue moving on if they want.

Chairman Wihby stated that is exciting news. At the same time, are all of the documents that we know of...I asked the question last week and I want to make sure that the operating deficit guarantee and all of that stuff we talked about like no property taxes used to construct, etc. are still all in place with this new agreement that you know of?

Mr. Ashooh replied those are not negotiable items. Those are still in place.

Alderman Cashin stated, Skip, I don't think you can answer this and I was just handed this. It is a press release and it says that Ogden is being sued by the owners of their own company for breaching their financial responsibilities to stockholders and releasing false information about corporate policy. Do we know anything about this?

Mr. Ashooh replied there was a Class Action suit filed, Alderman, some time ago but not being a party of it, I have not seen it. I would be happy to take a look at it some time and let you know what I find out. The FCC website, I am sure, will have some legal disclosures on it.

Alderman Cashin stated I would like to know. I think it should be a concern to this Committee.

Mr. Ashooh responded something that you should recognize, and I think this is important, that Class Action lawsuit was filed against Ogden Corporation, not Ogden Entertainment. Ogden Entertainment being spun-off, I think, would take them out of that Class Action suit. That is my opinion and I am not an attorney.

Alderman O'Neil stated I apologize that there is a red flag up for me, but the company that we have managing our building is up for sale, the AHL owner was a partner in a bankrupt ownership group in Pittsburgh and we have a non-affiliated team. I don't think I am wrong about putting a red flag up with some real concerns about this.

Chairman Wihby replied that is true and that is why when we get the documents we have to make sure that we review them and that all of the guarantees and the parameters that we set are met. Once we see the document that is when we know where we are going. What I would like to do is if we are going to have them by next Tuesday, recess the meeting until next Tuesday at 5 PM before the Aldermanic meeting and then hopefully we will have all of the documents and go over them and have Tom Clark or Bill Craig go over the documents with us.

Alderman O'Neil asked if the Committee happens to vote next week and I am not saying we should, would that be brought to the full Board that same night.

Chairman Wihby answered I don't think we are looking for a vote next week. I think there are still other questions that have to be answered. Are you looking for an answer, Kevin, next week?

Mr. Clougherty replied I don't think so. I think we want the Board to be able to understand the documents.

Chairman Wihby responded it will be the first time that we see the documents, so I don't think we should vote.

Alderman Cashin stated I wouldn't be prepared to vote next week. Could I ask the City Solicitor to look into this Ogden being sued and follow-up on that?

Solicitor Clark answered yes. I have talked to Kevin Clougherty about it and our financial advisors have already started to look into it.

Chairman Wihby asked would we have that information next Tuesday.

Mr. Clougherty answered yes.

There being no further business to come before the meeting, on motion of Alderman Rivard, duly seconded by Alderman O'Neil, it was voted to recess the meeting until next Tuesday, October 5 at 5:00 PM.

A True Record. Attest.

Clerk of Committee