

SPECIAL COMMITTEE ON THE CIVIC CENTER

January 23, 2001

6:00 PM

Chairman Wihby called the meeting to order.

The Clerk called the roll.

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

Chairman Wihby addressed Items 3 and 4 of the agenda:

Communication from Jay Taylor, Economic Development Director relative to the Civic Center Interior Drywall Contract.

Discussion of Optimum contract award.

Mr. Levy stated we put this on the agenda in case there are any questions concerning this award. I know there was the letter that was issued and a response from Doug Butler with Gilbane. Are there any questions concerning that correspondence?

Alderman O'Neil stated, Doug, I think it was in your letter that you made the comment that you didn't think it was the best practice, but you summarized that it was what worked for this project. I don't want to put words in your mouth.

Mr. Butler replied well you basically said what we said. We are employed by the City to do the best we can for the civic center project. Our recommendation to award that contract was based on our judgment that that was the best deal we could get for the City and we should go forward.

Alderman O'Neil stated I don't know if Mr. Jackson is here who wrote the original letter that started this...I mean his letter is what started this discussion. I don't know if we should hear from him a second or if he has had a chance to look at the correspondence.

Mr. Jackson stated I did have a chance to look at it. I wrote the letter. We had a concern...first of all my name is John Jackson and I am the business representative of the Carpenter's Union in New Hampshire. We had a concern

that the contractor, one of the contractors who was bidding the interior drywall package on the civic center, had a continuous history of misclassifying workers as independent contractors and that was our concern. We sent a letter and this is what the hearing is about. If you have any questions about my letter...

Alderman O'Neil asked Peter or Doug is there a mechanism to follow on behalf of either Gilbane or the City to make sure that employees are being classified correctly. I mean this is the only case I am aware of of all the many trades that you have had and different contractors on the job that I am aware of this type of situation. Is there a way to monitor it either by Gilbane or by the City?

Mr. Butler replied let me just answer from Gilbane's standpoint. We do not typically try to monitor people's compliance with tax law or other laws. That is not really what we get hired to do. We are not tax auditors. We are not auditors of any sort. We do have a concern relative to the safety program and the OCIP program since we are involved in the administration of it. We have taken some steps to make sure that everybody who is on site is, in fact, enrolled in the OCIP program so they all have worker's compensation. We have made sure that the worker's compensation program is adequately funded. Beyond that, we have contractual obligations that the contractor protect Gilbane and in turn Gilbane protects the City from any other consequences. I believe we have done everything that we can do or should do.

Alderman O'Neil asked so, Doug, you have followed to the best of your knowledge everything you would on this job or as you might treat the situation on another job.

Mr. Butler answered correct.

Alderman O'Neil asked and they are meeting those guidelines to the best of your knowledge.

Mr. Butler answered yes.

Alderman O'Neil asked, Peter, is there anything from the City side with regards to this.

Mr. Levy answered my concern again was for any potential risk to the City and if the City was at a greater risk so I brought Dave Risco with Aon to address that issue.

Mr. Risco stated with respect to the owner controlled insurance program, there is no greater financial risk or no greater liability to the City with respect to a contractor chosen or not chosen. The wrap up program is essentially blind to the chosen contractor. So, there is no financial effect.

Alderman O'Neil asked so there is no yellow flag to you about if these people are acting as independent contractors.

Mr. Risco answered as long as they are enrolled in the program, it makes no financial difference to the insurance company.

Alderman Hirschmann stated I didn't think it was an issue because we did purchase the OCIP program and I am okay with the communication.

Chairman Wihby stated I don't think it is an issue with worker's compensation. It could be an issue with taxes as far as unemployment taxes and things like that. If someone is bidding for sub-contractors and not paying their taxes and that is why they got the bid, there is something wrong with that. That is the thing that has to be watched.

Mr. Risco replied well we have held harmless the City and Gilbane in any litigation of that sort. We also have a performance bond from them to protect us in the sense of the performance.

Alderman O'Neil asked, John, does this answer your concerns.

Mr. Jackson answered I did have a couple of questions and my concern is as the Chairman stated that we are concerned that some of the contractors who were bidding on it didn't have a level playing field to bid because they included their insurance package whereas this contractor was basing their bid or part of their bid on the fact that their workers carried their own independent worker's compensation insurance. One of the questions that I had...and because of that they were able to bid lower than one of the other contractors. There is a question that I have in the letter about how that credit was made up. I am really not quite clear how that credit was made up. How was credit given to Optimum for some of their worker's compensation insurance or the fact that it wasn't included in the bid package and where that money came from and how that all works.

Alderman O'Neil asked can anyone answer that question.

Mr. Butler answered in one of my letters to either Peter or Jay we acknowledged that because of the way that Optimum bid the work...quite correctly as it was stated he was not carrying the full amount of insurance in his bid. We recognized that and in our finalization of our recommendation realized that the OCIP program needed to be made whole so we were collecting half of, perhaps half of what we should have collected in insurance premiums. What we elected to do was to utilize some of the savings from that line item to make the insurance piece at least whole and because we couldn't calculate it exactly we tried to...we basically took his number and did 1.5 times his credit. He was supposedly carrying half of the value of the insurance. We believe that we have made the insurance part whole. The net to the City is still a significant savings, which is why we recommended proceeding with this contractor.

Alderman O'Neil stated so Doug I just want to make sure I understand this right. To the best of your knowledge and if anybody at the front disagrees, they meet the requirements of the worker's compensation. General liability?

Mr. Butler replied general liability is also covered under the OCIP.

Alderman O'Neil asked and issues with regards to federal withholding taxes, state unemployment taxes are not an issue either for Gilbane or the City.

Mr. Butler answered correct. That is an issue that the contractor needs to deal with himself.

Alderman O'Neil stated I think the question has been answered. I don't know what else we can do with it.

Mr. Jackson replied my concern is that a contractor like this would be allowed to bid on a high profile contract like the civic center in the City of Manchester given that they do continually practice this misclassification of workers, which is illegal.

Alderman Gatsas asked what are the total wages on this drywall contract.

Mr. Butler answered I am not sure that I have that number. When we got the bid on this, he indicated that is value of labor was \$774,000. I don't really know whether that is accurate or not. We didn't really delve into it. He reported that in his bid.

Alderman Gatsas asked do you know what the standard rate for a drywalling rate is per hundred.

Mr. Butler answered I don't know.

Alderman Gatsas stated well if I do some quick math and take the \$774,000 and divide it by 100 it leaves me with \$77.40. If I take that \$77.40, it looks like it is about \$15 per thousand. Does that sound like a right number on a drywaller?

Mr. Risco replied it sounds low. For worker's compensation what they do is labor is fully burdened. They try to reduce that to unburdened payroll for worker's compensation purposes. It will be a number about 2/3 of \$774,000.

Alderman Gatsas asked when you say unburdened...

Mr. Risco interjected it would be an estimated unburdened payroll. In other words, basically straight wages so worker's compensation...

Alderman Gatsas interjected I assume the \$774,000 is straight wages.

Mr. Risco replied probably not because we asked for a simple breakdown of materials, labor and equipment. This was what was reported on the labor side, which was probably all of his installation costs. I don't really know but I am guessing that would be his total installation.

Alderman Gatsas asked so \$774,000 is the labor to install. Is that correct?

Mr. Butler answered that is what he reported. My suspicion is that it would be just as David indicated. It would be all of his installation costs, fair labor, taxes insurances and whatever else was involved in labor.

Alderman O'Neil asked, Dave, everything seems to be going well except this one thing and I am not even sure I can say it is not going well from a construction standpoint, but there is no yellow flag that you are concerned about this and numbers aren't jiving.

Mr. Risco asked in terms of this sub-contractor.

Alderman O'Neil answered correct.

Mr. Risco replied no.

Alderman O'Neil asked how does anything get audited with regards to the OCIP program.

Mr. Risco answered at the end of the OCIP program, the insurance company comes in individually audits each enrolled contractor's payroll.

Alderman O'Neil asked so the problem is their contract is done, they have been paid and they move on. What do we gain by an audit afterwards?

Mr. Risco answered they have to audit each one by state law. I don't know if there is a retainage.

Alderman O'Neil stated but after the fact.

Mr. Levy stated there is retainage.

Alderman O'Neil asked how much. Is there a percentage?

Mr. Levy answered it is 10% up to 50% of the contract and then 5% for the balance.

Alderman O'Neil asked so they will be audited before they are paid approximately \$74,000 or \$75,000.

Mr. Levy answered yes.

Alderman O'Neil asked but there is not a procedure for if there is a yellow flag during the project and again this is the only one I am aware of. Everything else seems to be going fine. We don't want to take a look at this and we don't have a right to take a look at this?

Mr. Risco answered from an insurance point of view I don't think there is anything that would warrant the insurance company stepping in or Aon stepping in and saying something doesn't look right here. In fact, we would just otherwise let it go through its natural process. At the end of the program, the insurance carrier, Kemper, will come in and perform the required regulatory audit and produce an additional or returned charge and Peter will do the final close out for the sub-contractors.

Alderman O'Neil asked is the auditing done when they finish their scope of services or is it at the end of the entire project meaning do you hold 10% of every contract.

Mr. Levy answered there is a partial release. By contract you can have a partial release as they get to the end of the project and again a lot of it depends on the punchlist work, etc.

Alderman O'Neil stated they will probably be there until the fall anyway.

Mr. Levy answered yes.

Alderman O'Neil stated I am trying to think of one of your early site contractors. Is their 10% held up until...

Mr. Butler replied no. We try to release retainage as soon as they are finished with all of their contract work.

Alderman O'Neil asked and they would have been audited on the insurance program by then.

Mr. Butler answered yes.

On motion of Alderman Hirschmann, duly seconded by Alderman Pariseau, it was voted to receive and file Items 3 and 4.

Chairman Wihby addressed Item 5 of the agenda:

Review of Change Orders 16, 17 and 20.

On motion of Alderman O'Neil, duly seconded by Alderman Pariseau, it was voted to approve change orders 16, 17 and 20.

Chairman Wihby addressed Item 6 of the agenda:

Review of Change Orders 18, 19 and 21 for authorization to execute for incorporation into contract documents.

Alderman O'Neil moved to approve change orders 18, 19, and 21. Alderman Pariseau duly seconded the motion.

Alderman O'Neil stated thank you, Peter, for including the drawn down. It is helpful to monitor what is going on with it.

Mr. Levy replied I have been doing that so that everyone has it at the end of the most current one.

Chairman Wihby called for a vote on the motion. There being none opposed, the motion carried.

Chairman Wihby addressed Item 7 of the agenda:

Update from the Manchester Development Corporation.

Mr. Ashooh stated I am here representing the MDC tonight to make a brief report on the business activities involved and appropriate to that is an opportunity to introduce Sandy Dunn, Senior Vice President for Northeast Operations for SMG, in essence, SMG's person on the ground in this whole project and Jeff Eisenberg who is the President of the Manchester Monarchs, our major tenant in the building. I think some of you have met both of these people already, but it is a good opportunity for them to speak to where they stand in their process right now. We are still involved in a number of business negotiations that are moving along and not having a deal done at this point I can tell you that the negotiations have picked up a pace. Every time Peter and Gilbane put another piece of steel up there, our interested parties get more interested in the deal. There are other things spinning around the civic center issue. As we get nearer to completion there was a breakfast meeting in Concord last week that I would like to make you aware of as a side issue. Nothing has come of it yet. It is simply a discussion, but the Department of Resources and Economic Development in the state are examining...they are having conversations to discuss alternative revenue streams that the state may have available to them to in part fund the Travel & Tourism Bureau in the State of New Hampshire and one of the items they are considering is the possibility of an admissions tax. Obviously, an admissions tax would be geared towards things like the civic center, basically any public event where you would have people paying for a ticket and showing up. So, the raceway, the ski areas, those types of things. The meeting was called simply to get a conversation going and to find out the pros and cons and we were able to represent the fact that we would be the only state, the only contiguous state that would have any kind of an admissions tax. Obviously, we are concerned about any kind of tax on tickets at the civic center because it affects the ability of SMG to price tickets effectively. It effects the hockey team's ability to deliver an effective price. Nothing has been

decided yet. There will be additional meetings and we will try to keep you apprised of the situation as it goes on.

Chairman Wihby asked who else was there. What other...was it just the civic center they are looking to do?

Mr. Ashooh answered no. They are considering various means of getting incremental funding for travel and tourism.

Chairman Wihby asked what other things.

Mr. Ashooh answered an admissions tax is one. Perhaps some sort of carve out of...let's say an increase in meals and rooms tax revenue as the state recognizes it. They are looking for input from all sources. The meeting was attended by representatives from the ski industry, movie theatres, hotels, resorts...any place that might charge any kind of admission fee or be subject to an additional tax. A point that I think we were able to make succinctly was that frankly one of the major impacts we would like to see in the economy in downtown is an increase in the rooms and meals tax revenue that would be flowing to the state anyway and perhaps they ought to look in that direction as opposed to an admissions tax. We have a number of new restaurants opening up and maybe we can fund it out of the revenues from Margaritas. They seem to be doing pretty well. That is about where that issue stands.

Alderman Vaillancourt stated this issue surfaced a couple of years ago in the plan to fund the Claremont education proposal. It was one of the many incarnations. One that was agreed upon by House Speaker Sytek, Democratic Leader Peter Burling and Governor Jeanne Shaheen. After a series of all day hearings in the Finance Committee at that time in 1999, in which various people from all over the state including Murray Clark from Woodstock, this was received very negatively. I assume anything like this would have to go before the House Ways and Means Committee and the forces around the state would line up. There was some very compelling testimony against this. I would think this would not be looked favorably upon by the powers that be in the Legislature.

Chairman Wihby asked didn't they do this in South Carolina.

Mr. Ashooh answered there was a county tax. The way we used the rooms and meals tax here to fund the City's portion of the civic center, they used a county assessment down there to help construct the Bi-Lo Center.

Chairman Wihby asked it was just for the Bi-Lo Center though.

Mr. Ashooh answered right. There is an additional tax down there that is assessed to fund their Convention & Visitor's Bureau. You saw that budget as well but they are unrelated. In this case, DRED is looking for alternative ways to increase funding for travel and tourism and it is strictly in the discussion stage. This was just an informational meeting. At this point, I have nothing else to add and I would like to give Sandy and Jeff a chance to introduce themselves and talk a little bit about where they are.

Ms. Dunn stated as Skip said, I am kind of the person on the ground running at this point and I guess the easiest way to explain it is I am kind of the pinnacle point of two levels of funnels. One being all of the resources of SMG that are here and providing expertise to Manchester. The other one is getting a handle on all of the issues and where we are at in Manchester, both from a market standpoint as well as the needs of construction and the needs of the various departments. So, I am kind of that funnel point at this point in time. Our primary goal at this point is working on assembling the on-site executive management team. The first positions that would be put into place would be the General Manager, Director of Marketing and Advertising and some administrative support. Then there is a ramp up period beyond that that includes the balance of the executive staff and support personnel. That is the team that really everyone here in Manchester will come to know and love, hopefully, through the process and that takes a bit of time. We are trying to make sure of personality types, the skills of the individual, and the market type matches the people who are put into those positions. So, we are in that process. We have identified candidates in all of those positions. We have had several candidates in Manchester to look at the area. We have not closed on any individuals at this point in time. In addition, we are regularly attending the construction meetings. I do that myself to make sure that any operator issues that occur that there is some feedback to the construction team and to Peter Levy on what might be issues from the operator's standpoint. I think those are going well. I think we are responding on a timely basis to those needs. We have a separate division that does F, F & E. They have been into the facility and done all of the plans and done review. They have submitted to Peter Levy at this point a revised F, F & E schedule based on what we believe the needs are now that we are close to this ramp up period of opening the facility. We have a good working relationship, I think, with the Monarchs so far and have been responding to any needs they might have. Their initial schedule is due in mid-February so that is our next task with the Monarchs for the operator to provide them with an initial set of dates. In addition to that, some primary items we are working on are a reconciliation I guess is the best way to put it of all the club seat and suite legal documents that are out

there. Joanne Shaffer in the Finance Department has been very helpful in assisting us with that and making sure that the information gets transferred correctly to us. We are all in agreement that any monies and any formal contracts will reside with the City of Manchester, including any reservations going forward until there is a formal process of moving that money so we can come back and report to you. Any reservations or contracts that are signed for the balance of club seats at this point in time, those monies would reside as well as the past monies with the City of Manchester. There have not been any more monies taken at this point in time, however, we certainly got the word out through at least the grapevine in Manchester because we are getting a lot of phone calls not only on that but on many other issues that people are looking for feedback on like employment issues, servicing issues, supplier issues. We have a list of approximately 50 individuals who have reached to us and said that they have interest in club seats. We are responding to those as we speak. We increased that response time this week so we are in dialogue with all of those people who over the last three weeks perhaps have called us or e-mailed us or faxed us. We now are in daily dialogue with them so we will be following through with those and I would expect additional deposits and license agreements to come into the Finance Department here in the next several weeks. The other primary item for us at this time is ancillary bookings. Obviously, the hockey team and their dates are prime to the facility, but in addition to that there are a lot of national touring shows that we need to get their dates and we need to get into their routing. A lot of those dates have already been booked. We are in the process of negotiating their contracts. We don't have anything to announce as of yet, but generally we are finding a very strong response from the national touring events for playing Manchester. Most of them are looking to put Manchester onto their cycle of play dates for the nation so that is great news.

Chairman Wihby asked can you tell us who you have talked to.

Ms. Dunn answered we have expectation of being able to close Disney on Ice, Stars on Ice which is a spectacular ice show, Tommy Collins is one of them. We are in the process of talking to the WWF. They have not yet selected dates, but they certainly have interest. Sesame Street live also. All of the national family type touring shows that you see. I know everybody, because in every city we are in, is interested in what concerts have we booked. Just for education purposes, concerts are the last lead-time. Concerts book about 12 weeks out from the date that they appear so we are well out from having any discussions about concerts. The discussions that we have had have been with SFX and Don Law Company and Dave Worlin who does northeast concerts and John Peters who does Massachusetts concerts. They are pretty much the...SFX being a national

promoter and then the two other non-affiliated promoters, as well as some smaller promoters who are looking to get into the business in Manchester. We have had some initial discussions with all of them. Certainly, they expect to play the building and want to bring product here, but it is early to be in any routing for national tours of concerts.

Alderman Hirschmann stated I have three concerns. One of them is when will you have an office in Manchester.

Ms. Dunn replied when we get our executive team assembled the first thing they will do is establish an office site here.

Alderman Hirschmann asked what is the timeframe for that.

Ms. Dunn answered the timeframe normally when we come into a facility is we like to look at a year out to start establishing our locals. That would have been November, but because of the documents and getting the contracts signed, I believe the final documents were signed about mid-December. At that point, we started our process through our candidate list. If I had my preference as being the person who is the point person for this contract, I would love to say it would be tomorrow, but the reality is we don't want to push the timing and not end up with the candidate that we believe can become an embodiment of Manchester. It is more important to us to make sure that the individual with the right skills and the right temperament is selected for the position then to just put somebody into the position.

Alderman Hirschmann stated I realize you are working in this funnel thing that you are talking about but my interests are marketing. You are lagging in marketing. It should be happening right now and you should have an office on Elm Street. I am going to compliment Mr. Eisenberg because the hockey team has taken a proactive approach and set-up an office. They are selling tickets like gangbusters. I was over there a couple of days in a row checking their ticket sales. I want to know what SMG is doing. You should be sending us a report because I can't find you on Elm Street. I want an office where you are going to be selling these club seats because Mr. Eisenberg is not selling the club seats and there are people walking into his office asking how do I get a club seat. That is not his job because he is selling season tickets for regular seating. We need you in Manchester or we need your personnel person in Manchester selling these seats now, not three months from now. The second thing is the bookings. When they do happen, we need media attention on what is happening. I mean coming in and reporting to the Committee is good, but we do need SMG to take a more public

role in releasing things and saying that X performer is coming here. We have envisioned top quality acts and people who fill up 10,000 seats. Disney on Ice is nice, but we want top performers and we want that marketing thing happening now. I am not...you know three months or four months from now I am not interested in that. I am not patient about that. The hockey team I know what they are doing and is there a way if you are not going to be on Elm Street for three months are you going to give them some club seats to sell or how is that going to work?

Ms. Dunn replied the hockey team is selling the club seats and they are vested in the bottom line of the club seats so there is value to them to sell club seats. If you have seen their brochure, their brochure actually does speak to having club seats available and that they have season tickets as well as club seats. They have sent us those interested parties, which are some of those we have on our list of 50. I don't want it to seem that it is the hockey team's responsibility to sell those because it is not but the hockey team certainly has the information and has been assisting us on the ground with identifying those people who may be interested in club seats and then they have provided us that lead and we have been following up with those. It is not like they are sitting on someone's desk.

Alderman Hirschmann asked who handles advertisement packages, i.e. wall logos, signs, banners, anything that happens in the building. Who is handling that?

Ms. Dunn answered there was an agreement that was established with Scheer Stern, which is now Scheer Sports. That agreement is winding down at this point in time. December 31 that agreement ran through and again some of this has to do with the transition period that they had rights to sell club seats, suites, advertising, etc. through that period. We are, at this point in time, transitioning all of those individuals that they may have been in the process of talking to over to SMG. This month is the transition period and then moving forward it will be SMG's responsibility to sell those.

Alderman Hirschmann asked do you have a contract to do that or are we negotiating.

Ms. Dunn answered it is part of...we are a broad breadth management firm providing all services instead of using a third party to contract out our obligations so that is part of our management responsibility and we will do it with our own personnel.

Alderman Hirschmann stated my only point is you have a lot of marketing and a lot of sales to do and time is ticking.

Alderman O'Neil stated, Sandy, I just want to make sure I understand this. As part of your contract as the building manager this is now your responsibility, naming rights?

Ms. Dunn replied the sale of advertising packages, suite sales and club seats are an obligation of the management.

Alderman O'Neil asked does that include naming rights.

Ms. Dunn answered correct, but that had been sub agreed...a third party agreement had been established with Scheer Sports so that agreement is being wound out at this point in time.

Alderman O'Neil asked when does SMG assume that.

Ms. Dunn answered this month is a transition period. It would be our expectation that we would be focused on that at the beginning of February.

Alderman O'Neil stated the only thing I can ask with regards to that is please, as soon as you know something, let the Board of Aldermen know. We don't want to read it in the newspaper the next day, which has been the history of this project. At some point, we had asked two months ago to meet with the consultant in regards to naming rights and it has been put off. I understand why now. I don't know why we weren't told that at the time, but I think what might be helpful, Mr. Chairman, is to meet with Sandy and any other representatives of SMG to bring this Committee...and it might fall under executive session or something on where they are with this because I know I am hearing things on the street.

Ms. Dunn replied I would suggest that we allow the wind down process to take place with Scheer Stern because we also are being educated. A lot of those proposals are in different various phases so those are being transitioned now to SMG from Scheer Sports. So, we won't be educated completely until we get through the transition process.

Alderman O'Neil asked is it safe to say that there will not be a company selected until that transition period is completed with SMG.

Ms. Dunn answered it is safe to say that there will not be somebody else selling that until the transition period is completed, correct.

Alderman O'Neil asked so the person who is going to be telling us who is selected is Sandy Dunn.

Ms. Dunn answered yes.

Alderman Vaillancourt stated Alderman Hirschmann hit upon one of my main concerns and that is the club seats. A year and a half ago we were told that 400 would be necessary to be sold. I periodically call Joanne in the Finance Office to get an update and right now they are up to 284. Only four seats have been sold in the last six months. I heard this rumor that we are almost sold out so I called Jay Taylor and he told me that there were commitments for some others, although the money has not been forthcoming. Now, I thought you would have 300 or 350 people lined up and now you tell me only 50 so I am more alarmed than ever. We are nowhere near 600. We are not even halfway there a year and a half into selling them and Mr. Taylor told me that if I wanted to inquire I would have to call 508-755-6800, ext. 2106. If I were selling seats, I would not want an out-of-state number. I would, like Alderman Hirschmann, want you here so that I could have people directly calling you and I think that should be a very urgent concern because we haven't sold any in the last six months.

Alderman O'Neil stated I respect the concerns that Alderman Hirschmann and Alderman Vaillancourt have, but when the Mayor set up the Alcohol Policy Committee, I must say we received absolutely no cooperation from Ogden, but when the contract was transferred...actually before the transfer had even taken place Sandy was available and I talked to her a number of times. They flew in a Vice President from the West Coast to handle food and beverage. I have all the faith in the world in SMG as a company that they will handle every situation on behalf of the City very well.

Mr. Eisenberg stated I have been on the job now for four months and it has been a heck of a four months and we have made a lot of progress. On a timely basis, I just want to lend my support to Sandy. She has a great history in working in Worcester with the AHL. My counterpart there speaks very highly of them and they have been very successful and I have had nothing but great cooperation and assistance from Sandy so I am going to throw my two cents in on that. It is going very well from my standpoint. Sandy said she thinks the relationship is going well and I would certainly ditto that a little more strongly. Things are going well with us. We do have our office on Elm Street. Some of the basic things I did was what

a hockey team would do when it comes into town is attempt to establish a presence with a logo. Many of you are aware of that. I am building relationships on a personal basis and doing a lot of appearances. I am building my organization, which is a very important thing obviously. My sixth employee started just this week, a key employee, the Vice President of Sales and Marketing. I will be ramping up through the summer and we will end up with a staff of about 15 when we move into the building, more than half of which will be in sales and marketing by the way. That is what we are, a marketing organization at heart. Season tickets are going very well at this time. We still have a ways to go, but I couldn't be more pleased with the progress so far. We are past the 1,200 mark plus we will enjoy the seats from the suites and clubs so that is putting us a little over the 1,800 mark at this point in time. My personal goal is 3,300 and I don't mind saying that. My model shows a 3,300 season ticket base to be a good number for us to be a solvent franchise and be solid here. That, by the way, would put us into...I think of the eight teams in the New England area, I believe there are maybe two in that range so I am optimistic. We haven't gotten there yet, but we have potential. Potential means you haven't done it yet in my book but we are working hard and we are very pleased so far. I am doing all the other work behind the scenes myself. I am working on a radio contract and am encouraged about that. I am also in discussions with television about broadcasting our games. There are just a number of components that go into the entire marketing picture here. We will get to all of those like the kid's clubs and the birthday parties and those kinds of things. They are a lot of fun and we are looking forward to doing all of those things and we will get there. The market is just exuberant really and I am very encouraged. I thought hockey was big in Portland, Maine where I came from but it is a lot bigger here and I just hope that we can convert that to paying customers and ongoing support in the building for us but so far so good. Like I said, we have a lot of work to do but I am pleased at this point. Let me make one more point and that is that I was out in LA recently and we fall under a group now called Anchets Entertainment Group. Phil Anchets owns the LA Kings and founded Quest Communications. He also built and owns the Staples Center. I was out there as part of the group that is now being organized officially as Anchets Entertainment Group. That is great news for us. We are well funded. There is a concept. There is a reason for us being here. I can't reiterate enough how pleased the LA Kings are to be here in Manchester. We are a major part of their development concept. Phil Anchets personally, I met him and I sat down with him and his first question was how is it going in Manchester, I am really enthusiastic about that market, how are season ticket sales. I was amazed that a guy who I think is the wealthiest guy in the country was asking me about season ticket sales in Manchester, New Hampshire. I was encouraged by that so we got the support of the LA Kings. They are very plugged in and they are excited about being here. They can't wait to get up here

because we are a major part of their developmental process. That is good news. I think that pretty much gives you a good idea of where I stand. I will be happy to answer any questions you might have.

Alderman O'Neil moved that sometime when it is appropriate SMG appear before the Committee to talk about all the advertising and naming rights. I thought we did that by consensus last time and it never happened so I will make a motion on that.

Alderman Pariseau duly seconded the motion. Chairman Cashin called for a vote on the motion. There being none opposed, the motion carried.

Alderman O'Neil stated the other issue is the Alcohol Policy Committee that the Mayor set-up, we are in our final draft. Sandy and her company have been asked to review the final draft, which she has. I think the Chief is reviewing it and then the Committee will want to make a presentation to the Board. Does it make sense just to do it to the full Board or should we make it to the Committee and then...

Chairman Wihby interjected the full Board.

Alderman O'Neil stated with that in mind, there are some issues that have come up that really don't belong in the Alcohol Policy Committee that at some point this Committee needs to address such as security in the parking facilities. The parking facilities are going to be operating later. Who is picking up those costs? There has been talk about the need for, in the downtown area, I am not talking the immediate vicinity of the Civic Center, but some additional police protection and we need to talk about that. We need to talk about some of the neighborhood issues at some point so maybe sometime in March or April we can schedule a meeting to talk about those other issues?

Chairman Wihby asked when do you plan on presenting the report to the full Board.

Alderman O'Neil answered the Alcohol Policy Committee is schedule to meet I believe on February 1. We have the draft and asked Sandy and the Chief to comment on it. After February 1, the final piece of work will come to the Board.

Chairman Wihby asked so with that package have you...obviously you have already gone over the questions that that Committee is not supposed to answer so can you put something together to forward to this Committee.

Alderman O'Neil asked with regards to these other issues.

Alderman Wihby answered yes.

Alderman O'Neil stated sure, we can do that.

Alderman Hirschmann stated it was about 10 months ago, like last March, that the Planning Director, Mr. MacKenzie, showed us traffic patterns and pedestrian flow and there was a nice pretty picture. What is going on? Are we going to start discussing that? Are we going to workshop that or is he doing that?

Chairman Wihby asked isn't there a planning committee looking at something. Is that the committee you are talking about?

Alderman O'Neil stated we approved some money for a Master Plan, I thought.

Alderman Hirschmann stated I thought we were going to end up working on that, Mr. Chairman.

Chairman Wihby stated I thought Mr. MacKenzie was working with the committee and then everything was going to be reported to this Committee. I don't think he is here. We can find that out and get him to come to our next meeting.

Alderman Vaillancourt stated just briefly, Mr. Eisenberg, you mentioned the TV contract and I am certainly looking forward to that and I would be available for play-by-play myself as a veteran announcer, but I do occasionally watch the Lowell LochMonsters on Channel 3. Maybe you can just alleviate our concerns. Thirteen nights ago, Lowell played to what appeared to be a virtually empty house. I did check the attendance the next day and found out that they reported 1,600 people there and they are averaging around 2,500. Can you give us some assurances as to how many tickets they sold and how we can expect reasonably to do better than that? I am sure the people who watch those empty seats are concerned.

Mr. Eisenberg replied first of all, send me your tape and I will review your play-by-play and let you know. Don't call me, I will call you. No, Lowell is a tough situation. It is a very difficult one for me to deal with because they are a partner in our league and frankly I don't want to say things that might sound like I am standing in judgment of them and what is happening down there. I will tell you that they have the lowest average attendance in our 20-team league. They have

problems. By all accounts it is an aberration as far as a new building going into a market. I think the demographics of that market are not conducive to hockey. If you look at the demographics, I think, you might understand. It is directly in the shadow of Boston and I think they made one critical mistake and I was talking to Pepsi about this today who is very close to that situation and that is that I think they came out too aggressive with their ticket prices. If you will note, our ticket prices we think we are very comparable, especially if you compare our ticket price to this years. People will be increasing their prices next year and we are very comparable this year. I think they came out too high. They were very aggressive and I think that they lost their window of opportunity to be an item down there. When you lose that chance, it is like how do you become the most popular bar in the City? You put a line out in front and if it is empty nobody wants to be there and I think they are trying to overcome that and they are going to have a hard time doing it right now. I will tell you that I look to...I will admit that I am a "the glass is half full" kind of guy. I prefer to look to Wilkes-Barre, Pennsylvania who does not have ticket remaining for the remainder of the year in an 8,200-seat facility. They are the item there and they have done it well and done it right. I have a great deal of respect for them and they are my model. I can't promise that I will be selling 8,200 seats a game and sell out every game, but I tend to think that is a more comparable model for the market that we are going to encounter. If we come out and we capture the imagination of the town and the fans right away and we make it the place to be and generate excitement we think we can hold onto that honeymoon effect.

Mr. Ashooh stated to pick up on something that Alderman O'Neil said, in regards to Jeff Eisenberg and Sandy Dunn being our partners in this deal, it is a real pleasure working with them. They are making a tremendous effort to be in the community and Alderman O'Neil will tell you that they are both very, very accessible. When there is a question or a problem or a group wants to talk to them, they are there and I am very happy to have them with us.

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

A True Record. Attest.

Clerk of Committee