

COMMITTEE ON FINANCE

March 4, 1997

Upon Recess of BMA

Mayor Wieczorek called the meeting to order.

The Clerk called the roll. There were eleven Aldermen present.

Present: Aldermen Wihby, Elise, Reiniger, Sysyn, Clancy, Soucy, Shea, Domaingue, Pariseau, Cashin and Hirschmann

Absent: Alderman Robert

Messrs.: K. Clougherty, R. MacKenzie

Mayor Wieczorek addressed item 3 of the agenda:

1995 CIP Budget Authorization:
6.40409 Elm Street Redevelopment - Revision #2

On motion of Alderman Pariseau, duly seconded by Alderman Reiniger, it was voted to approve the 1995 CIP budget authorization.

Mayor Wieczorek addressed item 4 of the agenda:

1997 CIP Budget Authorizations:
5.10251 Neighborhood Parks Rehab. Project - Revision #1
6.50220B Central Business District Improvement - Revision #4

Alderman Wihby moved to approve the 1997 CIP budget authorizations. Alderman Sysyn duly seconded the motion.

Alderman Domaingue stated since the CIP Committee meeting was canceled, I was wondering if there was anyone here who could explain what these two items, what these two revisions represent.

Mr. MacKenzie stated in reference to the Neighborhood Parks Rehab, we have been working on the Basquil-Sheehan Park area including the Babe Ruth field for several years; that there is now a fourth phase to complete that project which is the old garage on Maple Street across from the JFK arena and these are the funds to start-up that project and has been in design for a while and is being paid for our of Community Development Block Grant funds.

Alderman Domaingue asked because we didn't have this discussed in Committee when you do a revision to this type of budgetary item is this decision being made outside of the CIP Committee, the decision to go with the revision of the funding of projects, was that made with a consensus of the CIP Committee at the outset, is that left to the department.

Mr. MacKenzie replied this particular one is to start-up funds to actually do the project; that the funds were authorized for this project a couple of years ago, but was not started up because they had to do the design work and see how much it would cost and work with Parks & Recreation to actually get the project up and running, so the funds were authorized two fiscal years ago, but it's taken some time to get this up and finalized to this point; that this is the start-up that Finance will use to follow the audit trail on the project, but these are not any new funds being authorized at this point.

Alderman Domaingue stated I just wanted to say for the record that I don't object to these items being passed, I have a concern about whether the process is followed completed and when we cancel a Committee meeting where the discussion of these items or revisions would take place, I have to ask the question could you give us a brief explanation please on the Central Business District Improvement.

Mr. MacKenzie stated this also relates to a project that was also authorized two years ago, it primarily involves the reconstruction of Elm Street; that there was money designated out of the Central Business District Revitalization fund which is a fund that we get repayments back on certain redevelopment projects primarily the Center of New Hampshire; that this is to start-up the funds, get those ready for the reconstruction; that the design is underway and is about halfway through and they are going through on a schedule that will hopefully start construction sometime in June of this year, so we are getting these funds prepared in addition to some funds that are being proposed in the FY98 budget, so \$434,000 is being started up funds, it was just money that was authorized but not started up on one of these start-up sheets; that there is another change where there was monies allocated for other Downtown projects that the Planning Department would

usually handle and in this case there are funds in here to replace the tent structure that is used for various concerts and I think high school graduations and that has been in use for 12 years now, it does go up every year but it is basically worn out according to the Parks & Recreation Department and they were not going to put it up again this year, so it does include some funds and we just put that on here to identify for accounting and auditing purposes what those funds are going to be used for.

Alderman Shea stated, Bob, you mentioned that this money was start-up money, but then there's a reimbursement and I didn't catch where the reimbursement comes from.

Mr. MacKenzie replied we have what is called a Central Business District Revitalization Fund and all of that money has come from Downtown redevelopment project with most of the money coming from the Center of New Hampshire; that we originally borrowed money or received money from the federal government under UDAG and CDBG programs and we helped develop that project and the developer pays back those in various payments and lump sum payments, so that money has come back to this Central Business District Revitalization Fund.

Alderman Wihby asked do start-up just come to the Board or do they come to the Committee.

Mr. MacKenzie replied they come to the Committee and then to the Finance Committee.

Alderman Wihby stated this wasn't on the agenda for the last meeting that was cancelled, it couldn't have been because it would have gone there and wouldn't have come today.

Mr. MacKenzie replied these items were on for the agenda; that I was gone those days but apparently there was a poll for these particular items.

Alderman Hirschmann stated an offer, your Honor, to help the process along, I'd volunteer my services to be an Alternate on that Committee to help out should you not have a quorum or anything, I'd like to be considered an Alternate for that Committee.

Alderman Wihby interjected the Chairman was sick.

Alderman Elise stated it's not unusual if someone's sick that another person sits in as the Chairman.

Alderman Domaingue stated just for the record there was no phone poll of whether you wanted to go ahead and pass this or not; that there was a no phone poll, if you didn't call in opposing it then it was assumed that you accepted it; that my concern is if we go ahead and accept something without having further information, we may get ourselves into situations such as what we found ourselves in the recent past, so that is why I asked the questions.

Mayor Wieczorek called for a vote on the motion. There being none opposed, the motion carried.

Mayor Wieczorek addressed item 5 of the agenda:

Resolution:

“Reimbursement Resolution of the Board of Mayor and Aldermen.”

On motion of Alderman Soucy, duly seconded by Alderman Shea, it was voted that the Resolution be read by title only, and it was so done.

Mayor Wieczorek stated I have a letter that came in from our Bond Counsel that I would like read into the record as follows:

To: Kevin Clougherty

Dear Kevin:

Enclosed is a suggested form of reimbursement resolution to be adopted by the Board of Mayor and Aldermen in connection with the CenterPlex project. As we have discussed, the purpose of adopting a reimbursement resolution is strictly to preserve the City's option to issue tax-exempt bonds and use the proceeds thereof to repay itself for project expenditures made from other funds. By the adoption of a reimbursement resolution, the City in no way is obligating itself to authorize bonds for the CenterPlex project or to reimburse any portion of the \$180,000 to be advanced by the Manchester Economic Development Corporation for the expenses of Phase I of the CenterPlex project.

Please feel free to call if you should have any questions.

s/Richard Manley, Jr., Esq.
Ropes & Gray

Alderman Wihby moved that the Resolution ought to pass. Alderman Clancy duly seconded the motion.

Alderman Shea stated the reimbursement resolution that I see before me is a different type of resolution that was adopted by ten Aldermen, I did not go along with it and there is very limited mention of the \$180,000 on this page, page 5. In fact, I don't see anything in terms of \$180,000; that there is reference at the end to the Manchester Development Corporation in connection with the \$45 million expected to be expended on the CenterPlex project through the issuance of bonds, notes, or other forms of indebtedness and there's also reference to which funds may be expended from the General Revenues of the City, but I don't see anything concerning the relationship of the resolution taken and the fact that it was supposedly coming from the Rooms & Meals Tax and was limited to \$180,000 or less and it was Phase I and as I read through this, I find that there is quite a bit of discussion about it jumps, in my judgment, from Phase I to Phase III, it doesn't even stop at II. I think I've expressed my concern about how quickly this process is going, it's going faster than a snowball down Mt. Everest and the people have had no say in the matter, there has been no public hearing on the matter, and my concern is that we'll get involved in a situation where unfortunately many of the people here on the Board won't realize what's going on until it's too late, your Honor, in my humble opinion. So, that's my two cents.

Mayor Wieczorek stated if government moves as quickly as you're projecting, I'm going to be the most surprised guy here.

Alderman Shea stated at times it does, your Honor.

Alderman Wihby stated my understanding of this was just to be able to...if we wanted to...reimburse MDC and that that's all this did; that this did not stop what we did the other day, the votes still there and if we don't pass this, we won't be able to reimburse them and if we pass this we might be reimbursing them at a later date.

Mayor Wieczorek in addressed Mr. Clougherty asked, Kevin, the resolution that we have here and what is being referred to by Rick Manley, is it the same, one and the same.

Mr. Clougherty replied, right.

Mayor Wieczorek stated I think Attorney Manley has made it very clear that this in no way obligates us; that this is going to Phase I and you know that this can't go anywhere else until they come back to the Board with a report on Phase I.

Alderman Domaingue stated with respect to your comment about government moving too quickly. I have to tell you that I supported this resolution initially at that evening meeting despite the fact that when I walked in the door, I was under the impression we were having an informational presentation and found out just before the meeting began that we were expected to take a vote; that wasn't part of the information that had been disseminated to all of the Aldermen about that evening's meeting, but I agreed to be supportive of the project because I think we do want to see something Downtown in the form of an entertainment center, so I was anticipating the receipt of this resolution and I have to tell you that it doesn't agree with what I thought I agreed to that night which is why on the consent calendar when it was presented before us, I immediately said I was in opposition to it. Now, you and Mr. Clougherty and Mr. Manley may all agree that it's all one and the same issue, but I'm looking at the very first paragraph and I have a problem with the phrase "that the Board of Mayor and Aldermen have determined to proceed with a development of a civic center" because I thought what we had agreed to do was to proceed with exploring the feasibility of whether we could do a civic center, but that's not what the wording says in this resolution and that makes me very nervous; that in and of itself to me is a commitment to follow through on the development of the civic center and I didn't think we had gotten to that point yet. I don't see the Meals & Rooms Tax mentioned here anywhere, but in the final paragraph I do see where the City is declaring it's official intent to reimburse any and all expenditures including those of the Manchester Development Corporation and I know that I was not the only Alderman who asked the question do we have to and I asked it, I thought of the Finance Director, do we have to reimburse the Manchester Development Corporation, are we obligated to and he said, no, it was up to us. What this says is we "intend to reimburse any and all including theirs" and I'm not at that point either, your Honor, which is why I cannot support the wording of this resolution.

Mayor Wieczorek asked, Kevin, do you have anything to add.

Mr. Clougherty replied the resolution is a draft by Bond Counsel; that the resolution is written the way it is to conform with the prevailing tax laws, the Bond Counsel knows the concerns and was there that evening with respect to the Board and the \$180,000 because as Alderman Wihby said if the Board doesn't approve the resolution, then the Board's ability to reimburse is not going to be there and that is the only thing that this resolution does.

Alderman Soucy asked why is the Board's ability to reimburse not going to be there when this letter says "that the resolution is strictly to preserve the City's option to issue bonds", this says nothing about...

Mr. Clougherty stated if you don't pass this resolution tonight then your ability to reimburse is not going to be there; that is all this resolution does, is provide you the opportunity to reimburse GMDC in the future.

Alderman Soucy stated but the adoption of a reimbursement resolution is in no way obligating the City to authorize bonds or to reimburse, it's not obligating us to reimburse?

Mr. Clougherty replied no.

Alderman Soucy asked so what is it's purpose, why are we even...

Mr. Clougherty replied if you do in the future want to reimburse.

Alderman Soucy asked why can't we pass the resolution in the future when we know more about the project.

Mr. Clougherty replied because the tax law requires you to do the declaration of your intent prior, it's the tax law that requires you to do this. If you want to issue tax-exempt bonds or taxable bonds and use proceeds for a particular project then at the very start of that project before you spend the first dime as we did with the Airport you have to say that from this point forward we're intending to proceed with the project and that doesn't commit you to that by any means, that doesn't obligate you to that, it just says that it is our intent to move along this line.

Alderman Soucy asked does the tax law require us to mention that the project is going to cost \$45 million when we don't know what the project is going to cost because we haven't acquired a site yet or looked at specific proposals, is there a reason why that specific dollar amount is used.

Mr. Clougherty replied the dollar amount is in there to give the federal government some indication as to the magnitude of the project, the \$45 million is the number you know that has been included in the Hunter Interests Report and that's why that is in there. I asked Bond Counsel, I want to make sure because I don't want to be misleading the Board either. I want to make sure that the wording is... perhaps troublesome to the Board, but I want to make clear and that's why I asked Rick for the letter. I want it clearly stated that this in no way

obligates us. It is necessary language, it has to be in place if you want to proceed with your options moving forward; that doesn't commit you to go into Phase II, you can't go into Phase II or we can't go into Phase II until this Board says so and that's clear in all of the actions that we've taken so far.

Mayor Wieczorek interjected Mr. Manley was at the meeting too, he was there for the entire meeting.

Mr. Clougherty stated he understands that.

Alderman Shea asked, Kevin, would you please explain to me what is meant by "general revenues of the City", what are general revenues of the City.

Mr. Clougherty replied, I think you mean general funds of the City.

Alderman Shea reiterated it said "general revenues of the City". I'm reading from the fourth paragraph down in the resolution, line four.

Mr. Clougherty replied it's trying to keep your options open.

Alderman Shea asked what are "general revenues".

Mr. Clougherty replied it's anything that comes in.

Alderman Shea stated property taxes are general revenue, not just Rooms & Meals Taxes, they're property taxes as well, is that correct.

Mr. Clougherty replied again, it's trying to keep your options open; that it's anything that comes in, including the MDC dollars.

Alderman Shea stated it does include property taxes. Mr. Clougherty replied conceivably.

Alderman Shea stated not conceivably, it does, right; that when it says here general revenues of the City, doesn't it include property taxes as well as...Rooms & Meals Taxes aren't even mentioned here and that's supposedly how this is going to be funded and it's not even mentioned.

Mr. Clougherty stated general revenues are the MDC dollars, it could be anything, but we can't not matter what this broad authorization for tax purposes and reimbursement says, we can't spend a dime of property tax until the Board of Mayor and Aldermen authorizes that which I don't think you want to do.

Alderman Shea stated but according to this statement, general revenues would include Rooms & Meals as well as property taxes.

Mr. Clougherty reiterated it would include everything including MDC dollars or any other dollars that the Board may decide...if a private citizen walks in and wants to contribute to that, that would be there as well.

Alderman Shea stated I wouldn't be opposed if it were privately funded. Mr. Clougherty replied us either and that's why it's written so broadly to allow for any type of...

Alderman Pariseau stated we're doing this in Phases and the motion that was made at the public hearing relative to CenterPlex was a commitment more or less to that \$180,000, up to. Why can't we have a resolution dealing with the \$180,000, why do we have to commit upfront to the whole amount. I'm not going to support it.

Mr. Clougherty replied because for tax purposes, Alderman, you have to start the whole project now and take a look at the entire picture and let the IRS know that that's what we're considering, not the first phase and that's the way it has to be written and again, if the Board is not comfortable with that and they don't approve it, then the reimbursement doesn't happen, but the tax dollars a tax dollar.

Alderman Pariseau stated I understand where you're coming from, but that wasn't asked of this Board last Tuesday and I would just as soon go back to the first phase and have a resolution dealing with the first phase for the \$180,000 and worry about the rest latter.

Alderman Elise stated I would feel more comfortable with that also.

Alderman Cashin stated I don't believe there is any question that this in an implied commitment to \$45 million, this is not what anybody agreed to and it's okay to sit here and say you have to do it for tax purposes because of this or that, but a couple of weeks ago I voted on...I voted on a Traffic Committee report that, in fact, I funded the increase in registration fees and then you come in with something like this and say don't worry about it, it'll be okay. There is no way I'm going to support this, your Honor.

Alderman Clancy stated two things. First, I am going to withdraw my second to the motion and secondly, it's been a week since we've had this presentation, Mr. Clougherty by you at Memorial High School and have we had any bites from these private individuals, do you have any money yet or anything.

Mr. Clougherty replied, yes. There has been significant interest in terms of people...what we are going to have to do is define the options for them to participate under. What the problem is is that you have a lot of people out there who are interested in a civic center. Now, how they want to participate...do they want to participate in the ownership of the team, do they want to participate in sky boxes or seat boxes and naming rights. Those documents, in order for them to participate are really what has to be defined so you're not just going out and taking dollars from people without getting some definition in terms of what the size and cost would be, so you have to take a number of actions there. I think there is private interest and that has been expressed. The key is going to be as I've said right along to try and define exactly what that is and you want to do it in a very cautious and in a very deliberate manner so that the City is protected. So, we have had contacts initially right off the bat. But, to tell you today have we garnered all of it, can I document that. No, I haven't. Phase I will tell you that.

Alderman Clancy stated I was out during the week and walking the ward. A lot of people were asking me, Jim, are we going to use taxpayers money to build the CenterPlex and I said, I hope not. I'm not for it if we're going to use taxpayer's dollars to build it, I'm against it. So, I want to go on record that if we are going to use taxpayer's dollars, I'm against it.

Mr. Clougherty stated I understand that, Alderman, and I think you've been clear on that and I think the Board has been clear that the increment is all that we are talking about this time.

Alderman Hirschmann asked would it be sensible that we could table this until we at least get a report from the Phase I team. I thought that we assembled a Phase I team so that they would report back to us and it would be sensible that this could lay on the table until that report got to us.

Mr. Clougherty replied if you were to lay this on the table till you get the report from Phase I, you would have spent the \$180,000 and that would no longer be reimbursed and at that time you could consider a reimbursement resolution for Phase II which would be the exact same document and you'd either adopt that then or don't.

Alderman Hirschmann stated I have no intention of reimbursing that \$180,000; that GMDC money, it's interest sitting there and it's for economic development and that is what this is. Why would we want to put it back, the taxpayers don't want to do that, so let's spend that, get our report, lay this on the table and hear what's going to happen.

Mayor Wieczorek stated, Alderman, with all due respect, I think the reason you pay it back is so that they can use it again. The idea is if you have economic development projects and want to get them moving and then still put the money back so you can do another project when something comes along. Other than that you're like somebody who wants to buy a house, you buy a house, put all of your money down on one down payment and never buy a second house because you don't have the down payment.

Alderman Hirschmann stated I'll agree to spend the money once, your Honor, but I don't think we want to reimburse.

Alderman Domaingue stated, Kevin, it's been a week since we've had the meeting on the proposal for the CenterPlex and I don't know about the rest of the Board, but I still haven't seen the written sheets that you had an opportunity to have in front of you that I know Alderman Hirschmann had asked for at the meeting. So, we're still operating blindly with nothing printed in front of us other than this resolution. When we were there that evening in the auditorium, I specifically asked whether or not we had to pay back that \$180,000. I was committed to going ahead with Phase I provided we were not going to be paying back the \$180,000 and my understanding of economic development is this kind of a project and that that's what the MDC money is sitting there to be used for. So, why we're even considering paying it back when I think...if you want to talk about payback, let's talk about where we are with Rooms & Meals Tax and whether we're going to be paying back the taxpayers this year for the investment that they've made over the years to this City because all I keep hearing about is a tax increase and I know they're not going to be happy about that. Is this a non-binding resolution, Kevin, or does this bind us.

Mr. Clougherty replied, Alderman, as the Attorney has said in his letter, it does not bind you. If you want to keep your options open at some point down the road to reimburse the \$180,000 then that option is open, if you don't pass this resolution in its form then you do not have that option later on down the road and that option is closed and it does not bind you to issue the bonds and it does not bind you to reimburse. It just allows you to have that option and that's something that would have to come back to the Board for a vote, if they wanted to reimburse.

Alderman Clancy stated there is only one thing for us to do. We've been kicking this around here now for I don't know how many months. Let's put this to a referendum, let the people decide if they want it either yes or no, that is the only way we can get this done, let's put it to a referendum.

Mayor Wieczorek stated we had a lengthy discussion last week at the meeting because there was an awful lot of conversation on this putting it to a referendum, all of the things that should be done. At some point, you have to at least begin. The whole idea here was to find out is there private money available because there's a lot of conversation about there is money, there isn't money, how much. If there's no money there, I won't support this project. I've made that very clear.

Alderman Clancy stated but we've been kicking this around for how long and I haven't seen too much progress.

Mayor Wieczorek stated as one Alderman on this Board said, we've been trying to build this civic center since Moses parted the waters.

Alderman Shea stated I brought that fact up on Tuesday night when I noticed the audience there. The audience was loaded with people from a certain segment of society. The other people did not have a chance to be represented. They didn't get notices either by mail or private phone as many of these people did and that is why they were there and that is why it was moved from here to there. We didn't even know where it was going to be held until basically the last minute. So, the constituents in my ward...9 out of 10 or 99 out of 100 don't want this particular CenterPlex built unless it's built by private money, they don't want public money to be used, the roads needs to be fixed, I can't get traffic lights for my people, people tell me the parks are falling apart. Take a look about the City. People are moving out because the taxes are getting too high. This isn't going to help the average taxpayer. This is going to help people who can afford to go to high price. I have something here in my pocket and it's from the Worcester Center and its says for a skating show the prices are \$42.50 and \$29.50. When the Blackhawks were here in town, your Honor, Mr. Clancy's father worked there and they charged a dollar and two dollars and there were 3,000 people witnessing the hockey games. They decided to go to \$5.00 per person and there were 300 people there. The place will not fly. People don't have the money in the community to support high priced things, your Honor. The idea of a CenterPlex is wonderful for the business community, but it is not wonderful for the average person and I'm speaking from the heart, I'm telling you and I can't make it any clearer. I know you want it and I know business people want it, but the average person would like to have a vote on it and I see nothing wrong with the average person being able to vote. We discuss things that cost nickel and dime things here...taking money away from commissioners and all, but we put \$180,000 right through and then we talk about \$800,000 next and then we talk about \$45 million. Where are our heads...that's what I'm saying.

Mayor Wieczorek stated I think it's a question of how we get to doing economic development in our community and this is what I said last week. The question is either you can take care of the roads, you can take care of the parks. If you don't care what the taxes are going to be there is only one place to get the money and that's from the taxpayers. If we don't increase our tax base and this is the purpose of this, is to increase the tax base to enable us to raise more money to do all of these things...to fix the roads, to build the schools. To do the things that have to be done.

Alderman Shea stated in Providence, Rhode Island they have a civic center, it lost \$800,000 last year. They didn't build their tax base, they lost on their tax base. Every other civic center that has been built around the country has lost money. They had a program on ABC, they have lost money. It doesn't add to the tax base. What adds to the tax base are jobs. I would be very happy to see money put in to bring factories or different plants here to put people to work so they could afford their homes, the taxes that they have to pay, sending their kids to school. And, that's what I'm in favor of. I'm not in favor of putting money into something that I know beforehand is not going to fly. I can't stress it enough.

Mayor Wieczorek stated, Alderman, with all due respect you have your opinion, you're entitled to it. But, the Mayor of Providence...they are doing such a poor job that he's making a real strong effort to get the Patriots there. So, I imagine what he's trying to do is to really put the City under because if they're losing money here on their civic center and now he wants to build the arena for the Patriots, I guess Providence is going to go down the tubes. I've heard the opposite of what you're saying and that that the City of Providence is becoming very revitalized, everything I've heard about it has been very positive and that's contrary to what you're saying.

Alderman Shea stated but not because of the civic center there and the same up in Portland, Maine. They had a referendum up there to include the region up there, the Cumberland County. I say many people that are in favor of the civic center live in Bedford, they live in Goffstown, they live in Laconia, they live in Hooksett, they live over in Londonderry, why wouldn't they be in favor. They're not going to be affected by any taxes that are raised or Rooms & Meals, why wouldn't they be in favor of it.

Mayor Wieczorek asked do you ever go to Boston. Alderman Shea replied, very rarely. It's too expensive to go there. Mayor Wieczorek stated now I see where you're coming from.

Alderman Elise stated what I'm very mistrusting of is the fact that you're asking us to do something this evening that is different than what you asked us to do the other evening. The letter from Ropes & Gray states that the official intent is to reimburse any and all expenditures made or caused to be made by it through the general funds \$45 million, is different than what we were asked to do the other evening which was to consider a reimbursement resolution for \$180,000. Now, this particular letter by Ropes & Gray does address reimbursement of any portion of \$180,000. If you would like to do that this evening, talk about the same thing we talked about the other evening, reimbursement of \$180,000, I would gladly go along with that, but I cannot go along with this resolution as written because it doesn't say what we all agreed to the other evening.

Mayor Wieczorek stated, Kevin, I know what we're doing is limiting what was done last week to what is being asked for this week, but go ahead, explain it.

Mr. Clougherty stated just for the record. What I said last week and what I'm saying tonight are the same thing. The reimbursement resolution is to preserve your option to make a decision if you want to reimburse the MDC for the \$180,000 out of bond proceeds, that's exactly the same. I realize that the Board may not like the language, but the language is required by the tax law...you have got to go up front and tell them some idea of what the magnitude of the project is that you are going to be dealing with, that does not commit you to that project, that does not commit you to the reimbursement. What I've told you tonight and what I presented to you is exactly what we had talked about the other night and I'm sorry that the language is not something that you can feel comfortable with, but unfortunately, we have contacted Bond Counsel and the language is what it has to be in order to preserve that option for you. If the Board does not feel comfortable, then it does not have to pass the resolution and the reimbursement doesn't occur.

Alderman Wihby stated I can see just by the comments of the Board that we don't have the votes to pass it anyway, so why don't we just move on and we just won't reimburse GMDC. I have a motion, there's no second. I think it's wrong, if we could, we should, but let's just move on.

Alderman Reiniger stated in light of the comments I just want to revisit the issue of looking at the final paragraph beginning with "That, the city hereby declares its official intent to reimburse any and all expenditures not to exceed \$180,000", but it still leaves in the language about the \$45 million and maybe that would specify, satisfy more of the people.

Mr. Clougherty stated I don't think trying to sit around at a late hour to amend resolutions that are coming from Bond Counsel who's expert in this isn't the right

path, it is not something that I recommend. I asked him specifically if there was some way that that could be done and the answer that we received is the language that we have and his explanation. Unfortunately, if there was a way to word it a little bit different, we would have done that already, I can assure you. But, in order to meet the requirements of the law and keep your options open this unfortunately is what we have to present to you.

Alderman Reiniger stated following up with Alderman Wihby who pointed out that the votes don't appear to be here tonight, moved that the resolution be amended to not exceed \$180,000 and the Bond Counsel could review it and if it's no good he could bounce it back.

Alderman Wihby duly seconded the motion.

Mayor Wieczorek stated what you are proposing is to limit it to \$180,000 and put it in here.

Alderman Wihby stated we're going to kill it anyway, we might as well try it this way and see if there's a chance that it could be reimbursed, probably not, but.

Alderman Reiniger stated I was going to suggest two changes. The first one is under the resolution, last paragraph, second line to read "expenditures not to exceed \$180,000". The other thing I wanted to do on a separate subject...the third line down in the second paragraph for "site acquisition", I wanted to add in excluding the area known as "Hobo Jungle".

Alderman Elise stated I would second that.

Alderman Sysyn asked why would you want to exclude it.

Alderman Reiniger replied because there are other projects being discussed that would be held back or cancelled out if we looked at this for a site for CenterPlex. We have past studies that the City spent a lot of money on in 1988 and 1993 that looked at that area and ruled it out for a CenterPlex and it would probably be better for the soccer stadium that's being proposed.

Alderman Wihby withdrew his motion to second.

Alderman Domaingue stated, Kevin, I guess I need to know as an Alderman what the rush is because we've heard here tonight some discussion, I believe in the public forum about the possibility that the Rooms & Meals Tax may not stay as is and if that happens that's out of our control and even though our best intention

was to finance this, the bonds for this project through the Rooms & Meals Tax that may throw that right out of whack and I am still hung up in the first paragraph with a phrase that “we have determined to proceed with the development of a civic center”, we haven’t determined to proceed at all. We’ve determined to explore the feasibility, we have not agreed to proceed with it. Now, where are we with Rooms & Meals Tax.

Mr. Clougherty stated I don’t know what comments you heard.

Alderman Clancy stated Mr. Vaillancourt gave his comments.

Alderman Domaingue asked if the Legislature, forever going to give us that increment and never take it away or do they have the power to take it away.

Alderman Soucy replied they have the power to take it away.

Mr. Clougherty stated the Legislature has always had the power to take that away or change the formula.

Alderman Domaingue stated it is not a given.

Mr. Clougherty replied that’s correct.

Alderman Domaingue stated it would then mean that in the paragraph that Alderman Shea cited about funding to be expended from general revenues of the City if that formula changes and we get less than what we were expecting the general revenues of the City can include the property tax bill and that’s where you’re getting a no vote from this Board on that element.

Mr. Clougherty stated I would recommend that no vote. Let me explain this one more time. The Board has always said that the Rooms & Meals increment is all that's on the table for this; that they don't want to have an increase in the property taxes. We understand that, the consultants understand. If you're going to come back with a proposal after we've done this Phase I that says there's not enough private money out there and there's not going to be enough Rooms & Meals dollars, so you're going to have to raise property taxes, this thing is dead and it's not going to get to Phase II; that's my understanding. Now, the Rooms & Meals Tax could always be changed and that is why we went up to the Legislature last year and asked for a guarantee which the Legislature did not want to do because if they guarantee this they will have to guarantee a whole lot of other projects and they want to preserve their options. The current budget, as I understand it from the Governor and we haven't had a chance to see that includes funding for the upcoming year, full-funding. The second year does not include it, she has some other number in there and we're not sure what that is and we haven't had a chance to talk to anybody in terms of how she's calculating that; that doesn't matter because what actually happens is the audited figures, the formula says that the audited figures of the State if they exceed certain growth levels in the formula then that money comes to the cities and towns and it's dispersed. So, for example, her budget includes lower revenue estimates for Rooms & Meals in the second year that's fine, but if the money comes in it still goes to the towns. That being said, the whole reason that we've pursued the process that we are talking about, having bond insurance set in place is to have that private company and fill the void that we're asking the State to. In other words, if the State were to change the formula, if the revenues didn't come in, the City's general obligation and City's tax would not be at risk, it would be the insurer. But, he will charge you a premium for that and that's part of what this calculation is and what you have to take a look at. But, as far as put at risk, taxpayers dollars we understand that that is not something that you want us to do.

Alderman Soucy asked in that case what happens if under that same analogy we lower the rate of the Rooms & Meals Tax or we change that formula, but that only happens six or seven years after we've bonded the project.

Mr. Clougherty stated you've paid a premium for bond insurance, they take that, they eat that and that's why you're paying the premium.

Alderman Soucy asked for how many years.

Mr. Clougherty replied for whatever was negotiated for and you have to look at the whole period. After an amount of time you have to remember that the debt

service on these things will always remain about the same and once the formula comes up and it may not come up this year, but may over time it gets there and as you build in reserve funds which would be required either if there was a State guarantee those dollars are there to cushion that, so that becomes more of a reasonable risk for them to take and that's why the math works and why they are willing to come up with a dollar. If we get down through Phase I and find that there's private dollars and we find that there's interest that is what you are going to look at and I think that gets to your question with a referendum because at that point you'd know what the deal is. Right now, what are you going to ask people, you don't know what the deal is, you don't know if there could be a deal, you could go out and say do you want to do this and find out that there's no private money or less than. So, you have to take it to a certain point where you can define a deal, make sure that you know that the bond insurer is there and then you can proceed to the next level.

Alderman Soucy stated the first year we received \$454,000 approximately and since then we have put aside the increment above that, how much money has been set aside to date.

Mr. Clougherty replied I believe we set aside about \$400,000, it was \$99,000 the first year, \$354,000 the second, we got \$354,000 this year but some of that was used for Highway, so not all of that...you may recall through the budget process there's an amount used there and we'd have to go back and look. But looking for the next year is \$800,000 and then the second year \$1.2 million.

Alderman Sysyn stated this means if we go ahead with the \$45 million thing and if we bond this money and if we do this, then we might return the money to MDC, that's all it means.

Mr. Clougherty stated if you want to.

Alderman Sysyn stated it's "if" we go ahead with it and "if" we do such and such.

Mr. Clougherty stated the federal government wants to make sure that you're serious in your intent to look at things, otherwise people would be passing resolutions for all kinds of amounts of money to get reimbursements and that's something that they frown on, so they want to make sure you're looking at a significant project and that there is support for the concept and that you're not going to do a withdrawal later on.

Alderman Sysyn stated it's a supposition, if you do this then you have the choice of paying, so it's just an option and also for Alderman Shea, I do live in the center city and I am in favor of a civic center.

Mayor Wieczorek stated if there's no bond then there would be no reimbursement because the reimbursement comes from the Bond. So, if you don't get to the point where you issue bonds, there's nothing to reimburse.

Mr. Clougherty stated even if you wanted that that would take a separate vote by the Board to do the reimbursement.

Alderman Shea stated, Kevin, not that I'm in favor of the \$180,000, but is this entire resolution predicated on the fact that you have to reimburse someone.

Mr. Clougherty replied it's if you want to.

Alderman Shea stated let's assume you didn't want to reimburse anyone, does the federal government still allow you to proceed with a project without having to start what this involves. In other words, is this all predicated upon the reimbursement of funds, this whole five paragraphs here.

Mr. Clougherty replied that is all relating to your option to be able to reimburse.

Alderman Shea stated not that I'm in favor of reimbursing, but I can't see if a motion were made why this has to be added, I just don't understand. A motion was made, the project could proceed if Aldermen here wanted to proceed with it without all this "lawyer" business.

Mr. Clougherty stated all this complicated language does is provide the option for the Board to reimburse, down the road, when and if it wants to; that's all it does.

Alderman Cashin asked, Kevin, are you saying that we're not committing to \$45 million and it can't be taken out of real estate taxes, is that what you're telling me.

Mr. Clougherty replied am I saying you're not committing to \$45 million, not with this, Alderman, and I think that's clear from Bond Counsel in the letter that he's given you.

Alderman Wihby moved to amend the resolution to read "expenditures not to exceed up to \$180,000". Alderman Reiniger duly seconded the motion.

Alderman Domaingue stated we are still voting to declare to reimburse, we're still accepting language that talks about proceeding with the development rather than exploring the feasibility and we are still, despite the fact that we are dotting all the "I's" and crossing all the "T's" for the federal government, we're still not even given so much of it as a courtesy to the taxpayers of the City of Manchester to let them have their say on this issue, very expensive issue, to give them a referendum. We're not doing any of that.

Alderman Wihby stated I don't know how you can give them a referendum on a question that we don't even know whether we're having it, how much it's going to cost, what the public financing is until we know that after Phase I we can start talking about a referendum, but until then you have to get there first.

Alderman Clancy stated first of all everybody knows that it's \$45 million; that is the ballpark figure that was given out last week, wasn't that the ballpark figure given out last week.

Mr. Clougherty replied \$38 to \$45 million is what is in the consultant's report.

Alderman Clancy asked where's the site.

Alderman Wihby stated there's three or four different locations they're looking at, they're looking at how much it's going to cost, where the location is going to be, and looking at a number of private versus public funding and until we know all that, how can we go out and tell somebody are you in favor of anything.

Alderman Clancy stated I'm going to ask you, are we going to use private funds to build this.

Alderman Wihby replied until we have the first phase done, nobody can give you that answer.

Alderman Clancy stated we haven't had anybody bite yet from private monies.

Alderman Wihby stated that is not true. I had one person in this City approach me and said you get 60 people and I give a million dollars, I'll get 60 people to give a million dollars and we'll fund this ourselves and he was at the meeting at Memorial. Your Honor, until we know what we're doing after Phase I we can have a discussion on a referendum if we want one or not. If it comes back that there is only 10% public funding, then Alderman Clancy will probably vote against it and probably the majority of the Aldermen. If it comes back at 50% public funding, then maybe we're going to go ahead and do it or decide that we

want a referendum. But, until we know the location, the amount of funding, and everything else which is step one being completed which has already started, so it has nothing to do with the vote that we're taking today, first of all.

Mayor Wieczorek stated that is the purpose to gather the information so that you can do it; that is what it was all about last week. Get the information - how much money is available privately, where could it be located. You're not going onto anything until you have that answer.

Alderman Clancy stated, Mayor, this reminds me of a horse I bet at Rockingham Park, he's losing by 12 lengths, they're really whipping and kicking him.

Mayor Wieczorek called for a vote on the motion to amend the last paragraph in the resolution to read "That, the City hereby declares its official intent to reimburse any and all expenditures not to exceed \$180,000".

Alderman Domaingue asked is that an amendment to the resolution.

Mayor Wieczorek replied, it certainly is.

Alderman Domaingue stated so we are voting on the amendment to the resolution.

Alderman Cashin stated it can still come out of general revenue funds, right, which means it could come out of the tax rate.

Mayor Wieczorek stated no. We're talking about \$180,000 that has already been committed by the Manchester Development Corporation.

Alderman Cashin stated if we are going to repay them it could come out of the tax rate, right, according to this.

Mr. Clougherty stated what this would do, Alderman, is it would come out of the bond proceeds and that would be retired by whatever this Board decides. If this Board decides to use tax dollars then it could be reimbursed out of that, if this Board decides they want to use some other money that comes down the pike, they could use it.

Alderman Cashin stated it could come out of tax dollars, right.

Mr. Clougherty reiterated only if this Board authorized it.

Mayor Wieczorek stated you're acting as though it's going to happen, no matter what. You get a vote on this, Alderman.

Alderman Cashin stated yes, your Honor, I'm very concerned about what might happen here tonight.

Mayor Wieczorek stated you have a right to vote.

A roll call vote was taken. Alderman Shea, Domaingue, Cashin, Hirschmann, Clancy and Shea voted nay. Alderman Pariseau, Wihby, Elise, Reiniger and Sysyn voted yea. The motion failed.

Mayor Wieczorek asked so, what are we doing.

Alderman Wihby stated we just don't fund them back their money, they spend their own money.

Mayor Wieczorek stated let me tell you again. When we get the information from Phase I, when you know how much private money is available, where it's going to be sited, what we're going to have that we are going to ask the people to vote on is when you give them something to put to a referendum. What are you going to put to a referendum here, a concept. We're talking about getting something concrete.

Alderman Clancy stated we're talking about "are you in favor of X amount of dollars being spent"...

Mayor Wieczorek stated we don't know how many dollars.

Alderman Clancy stated you must have a ballpark figure.

Mayor Wieczorek replied we don't deal with ballpark figures when you're asking people to make a commitment. We're talking about \$180,000 to find out, to get the answers to the questions. When you get the answers you have something you can ask people to decide, yes or no, do you want to do it or don't you want to do it. But, you're jumping ahead. You want to do something without having the information.

Alderman Clancy stated this is the easy way. Everybody is going to be able to say either yes or no; that way nobody is going to be left out.

Mayor Wieczorek asked don't you think it makes more sense to tell people what it is they're going to be asked to do.

Alderman Clancy stated their minds are already made up, most peoples minds are already made up. This has been talked about for how long. You mean to tell me that nobody knows about CenterPlex here in the City of Manchester.

Mayor Wieczorek stated no, Alderman. How much money is available.

Alderman Clancy stated that is what I'm asking you.

Mayor Wieczorek stated this is what we're trying to find out with the \$180,000.

Alderman Elise stated, your Honor, I think in the future you'd receive a lot more cooperation from the Board if at one point you ask us to do something and then at the next point you ask us to do what you originally asked us to do.

Alderman Shea stated a point of clarification. The vote that we took does not endorse this particular...

Mr. Clougherty stated I tried to make it clear, I thought I made it clear the other night that we would come back with this separate resolution at the next agenda that would address the question of reimbursement.

Alderman Shea stated so the reimbursement is out and as a result of the reimbursement being out, this is out too.

Mayor Wieczorek replied we didn't vote on the resolution itself, we voted on the amendment.

Alderman Wihby moved that the Resolution be received and filed. Alderman Soucy duly seconded the motion. There being none opposed, the motion carried.

Alderman Domaingue asked are you saying that the \$180,000 proceeds to be spent by the Manchester Development Corporation despite the fact that we never got paper handouts as to the breakdown of that \$180,000.

Alderman Sysyn stated they already voted to spend that \$180,000.

Alderman Domaingue stated so it does not necessarily have to be reimbursed.

3/4/97 Finance

24

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

A True Record. Attest.

Clerk of Committee