

COMMITTEE ON FINANCE

June 1, 1999

Upon Recess of BMA

Mayor Wieczorek called the meeting to order.

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

Present: Aldermen Wihby, Klock, Reiniger, Sysyn, Pinard, O'Neil, Girard, Shea, Rivard, Pariseau, Cashin, Thibault, Hirschmann

Absent: Alderman Clancy

Messrs.: Solicitor Clark, Robert MacKenzie

Mayor Wieczorek addressed item 3 of the agenda:

CIP Budget Authorizations:

1995	740370	Sanitary Landfill Closure - Revision #7
1998	5.30102	ADA Compliance (Loan) - Revision #3
1999	220599	Tuberculosis Control - Revision #1
1999	221199	Refugee Health Program - Revision #1
1999	222099	Refugee Health Services Grant
1999	410599	Manchester Sobriety Checkpoints
1999	410699	Supplemental Police Services
1999	510599	Parks Improvement Program - Revision #2

Alderman Wihby moved that the budget authorizations be approved, subject to final adoption of related Resolutions. Alderman Sysyn duly seconded the motion.

Alderman O'Neil in reference to the second item having to do with the ADA Compliance asked is that the building that we donated some money to wondering why the building owner isn't responsible for this, why the City is responsible.

Mayor Wieczorek asked, Howard, do you know.

Alderman O'Neil stated we don't own the building, correct.

Mr. MacKenzie stated as you may know the Manchester Historic Association is opening both an Interpretive Center for the Millyard as well as a museum within the FIRST building. They did negotiate a contract with FIRST Place to move in there...their entrance is in a different location than the primary entrance of the FIRST building, so their primary entrance will actually be down on Commercial Street. In order to accomplish that and provide handicapped accessibility to their space they had to negotiate it with the City for a loan to provide handicapped accessibility. In essence, they are fitting up this entrance for their particular use. This is an important facility for the Millyard, this provides a Center where visitors can come and find out information about the Millyard and the City as well as in the long term this will be developed into a museum. So, the City has supported the Manchester Historic Association, the loan would be going to them and repaid back to the City to start a historic preservation fund for other similar projects in the City.

Alderman O'Neil stated we don't own the building, so I don't know why we're responsible and I think we're starting a precedent we may not...if every mill owner came to us and said they need money for ADA Compliance, we'd be broke.

Mayor Wieczorek stated it's the building we bought, Alderman, and there is a reversionary provision in there, isn't there, Tom.

Solicitor Clark replied we didn't buy it, we provided money to US FIRST, we have a mortgage on the property if he doesn't meet the mortgage which it's not a reverter, it's a mortgage.

Mayor Wieczorek asked isn't there a reversionary clause in the event that anything ever happened and it would come back to the City, isn't there.

Solicitor Clark replied I don't think there was a reversionary clause, the City was never in the chain of title on that property.

Mayor Wieczorek stated I know that the Manchester Historic Association has a capital fund drive that's underway right now, if I understand correctly, and I think they're trying to raise a substantial sum of money just so that they could get that going. It seems to me that the number is about \$500,000. So, they're making a commitment to that building and I think what we're talking about here is a very small amount that's going to help get that building in shape so we can have people visit for all of the things we have: the SEE Museum, the Historic Association, FIRST.

Alderman O'Neil stated I'm not disagreement with what you're saying, if it was a donation to the Historic Association for \$150,000 I don't think I'd have a problem with that, the problem I have is that we don't own the building and we're contributing money for improvements to a building we don't own.

Mayor Wieczorek asked are there any legal problems with that, Tom, that you can see.

Solicitor Clark replied no, there's no legal problems. You're making a loan to the Historic Association which they are going to repay.

Alderman Girard stated a number of the concerns that Alderman O'Neil has raised were addressed at the CIP Committee including myself, but what we were told at Committee is that this is not something new. In other words, we have already, from what I am told given \$135,000 and hopefully Mr. MacKenzie will correct me if I'm off base here, but what I recall from Committee is that we have already given the Historic Association \$135,000 toward this end. I guess the original appropriation was \$150,000, was revised downward to \$135,000, now we're bringing it back up to the original \$150,000 because there was some problems that they ran into that they didn't anticipate and that, in fact, the bulk of this money has already been given. I had the same concerns that Alderman O'Neil raised, but was also reminded that we have recently through the CIP process this year set up a fund to help property owners around the City with historic improvements if I'm not mistaken, Mr. MacKenzie, among other things so I think we may have already set that precedent.

Alderman Shea asked is this a loan that we're making to them, are they going to pay it back.

Mr. MacKenzie replied yes.

Alderman Cashin asked explain - what is the loan, we're loaning them \$150,000 and they're paying us back, is there an interest rate.

Mr. MacKenzie replied I'm not sure, I know they originally had requested a grant; that we felt, in this case, it would be appropriate to do it as a loan. I'm not familiar with the specific terms, right now, but they are certainly paying back all of the principle on this loan.

Alderman Cashin stated here's a building that the City purchased, we don't own, we don't have reverter rights on and we're going to put another \$150,000 into it.

Mr. MacKenzie stated yes, we will be getting the \$150,000 back in this case. The amount that the City funded originally for the building, we will not get back and that totaled approximately \$2.3 million.

Alderman Cashin asked what happens if next week somebody comes to you with some building down in the Millyard and they want to put some kind of museum in and they need handicapped access, are we going to fund that too.

Mr. MacKenzie replied the City has funded, for example, the Jefferson Mill, the City has funded handicapped accessibility there in order to provide access to the Small Business Incubator. In that case, we contracted with New Hampshire College to develop that...it has actually been very successful. We now have 19 small businesses in there. In that case, in order for all of that to work we did provide handicapped accessibility to the Millyard. I would also note that handicapped access in particular is very important to provide, it is federally-mandated, but there is a proposed program this year to help all commercial or non-profit groups that are looking for some assistance to provide these type of code requirements City-wide. We now have a program to assist other building owners in the Millyard, but also City-wide.

Alderman Thibault stated \$150,000 is going to be paid back but did I hear you say without the interest, we're going to pay the interest.

Mr. MacKenzie stated I will check on the terms. Originally, they had requested a grant. Typically, in those situations we might make it an interest-free, but I will check and get back to the Board.

Mayor Wiczorek stated okay send a note to everybody.

Alderman O'Neil asked should this then be tabled, Bob.

Mr. MacKenzie replied the problem is that construction is underway. They've come across a problem during construction because of a pen stock, unforeseen circumstances and they want to bring the dollar amount back to what was originally requested and approved. Originally, it was approved at \$150,000, they said we could probably do it for less, but they are coming back now for the full \$150,000.

Alderman Pariseau asked why doesn't the landlord take care of this.

Mr. MacKenzie replied it probably wasn't negotiated when they negotiated the lease. Typically, a company going in would negotiate certain items, but an owner frequently may require certain fit up items by the tenant.

Alderman Pariseau asked will the Manchester Historic Association be contributing rent to the landlord.

Mr. MacKenzie replied I'm not sure what those negotiations were there between the Historic Association and the FIRST building owners. But, I do remember...

Alderman Pariseau stated they're coming in here looking for bucks, I think the City has a right to know that. If they're paying rent, then the City ought to be able to recoup additional taxes on that facility in addition to getting paid back on this loan. Now that loan is supposed to be paid back to a historical preservation fund, what does that mean.

Mr. MacKenzie replied I'll answer your first question first. As you may remember, I was not involved in those original negotiations that funded the \$2.3 million for this building, but I believe there was an agreement that any commercial operation that is tentative in that building...the building would still pay property taxes for. Anything that was a non-profit organization including US FIRST, the Science Enrichment Center, and even at that time it was anticipated that the Manchester Historic Association would go into that building on the bottom floor. That is in effect what happened, Manchester Historic Association is a non-profit organization providing services to the City and as such they would not be paying property taxes for their space.

Alderman Pariseau asked at the time of the City contributing the \$2.3 million wasn't there an understanding that a certain percentage of the building would be rented out to for-profit people so the City would recoup something in taxes.

Mayor Wieczorek replied we do. I think St. Mary's Bank occupies that entire top floor, if I remember correctly.

Mr. Pariseau stated they did, I don't think they're there any more.

Mr. MacKenzie stated I was not involved in those negotiations.

Mayor Wieczorek stated there's a day care too, so anything that is a profit making have to pay taxes on that square footage.

Alderman Pariseau asked is that percentage still in effect.

Mayor Wieczorek replied of course. As long as there is anybody in there who is not a non-profit they're going to have to pay taxes on that portion of the building that they occupy.

Alderman Shea stated I believe when I questioned the person representing FIRST they indicated that they'd get a report back to us. Forty percent of the building of that particular entity pays taxes which amounts to about \$44,000 a year or something like that. The other sixty percent there is no taxes because it's non-profit. So, I'm not sure if this particular Historic Association would be considered part of the sixty percent or part of the forty percent.

Mayor Wieczorek reiterated they are non-profit.

Alderman Pinard asked how much is the payback.

Mr. MacKenzie replied typically we have to follow HUD requirements, this money is really not City money, this is HUD CDBG monies that come down through the City, so they would normally set term requirements typically for a 10-year payback.

Mayor Wieczorek called for a vote on the motion. The motion carried with Aldermen Klock, Cashin, Thibault and O'Neil duly recorded in opposition.

Mayor Wieczorek addressed item 4 of the agenda:

Bond Resolutions:

"Authorizing Bonds, Notes or Lease Purchases in the amount of One Hundred Fifty Thousand Dollars (\$150,000) for the 1998 CIP 510116, Derryfield Country Club Master Plan & Improvements - Enterprise Fund."

"Authorizing Bonds, Notes or Lease Purchases in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) for the 1998 CIP 510118, McIntyre Ski Area Rehabilitation."

"Authorizing Bonds, Notes or Lease Purchases in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) for the 1998 CIP 510163, JFK Coliseum Repairs, Phase II."

"Authorizing Bonds, Notes or Lease Purchases in the amount of One Hundred Ten Thousand Dollars (\$110,000) for the 1999 CIP 511899, JFK Coliseum Rehab - Phase III."

"Authorizing Bonds, Notes or Lease Purchases in the amount of Four Hundred Seventy Thousand Dollars (\$470,000) for the 1999 CIP 511599, McIntyre Ski Area Rehab - Phase II."

On motion of Alderman Wihby, duly seconded by Alderman Shea, it was voted that the Bond Resolutions be read by titles only, and it was so done.

Alderman Pariseau moved that the Bond Resolutions ought to pass and layover. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

Mayor Wieczorek addressed item 5 of the agenda:

Resolutions:

"Amending the 1999 Community Improvement Program, authorizing and appropriating funds for various Health Department Projects."

"Amending the 1999 Community Improvement Program, authorizing and appropriating funds for various School Department Grants."

"Amending the 1999 Community Improvement Program, authorizing and appropriating funds for the 1999 410599 Manchester Sobriety Checkpoints Project."

"Amending the 1999 Community Improvement Program, authorizing and appropriating funds for the 1999 410699 Supplemental Police Services."

"Amending the 1999 Community Improvement Program, authorizing and appropriating additional funds in the amount of \$10,000 for the 1999 CIP Project 510599 Park Improvement Program."

"Authorizing the Finance Officer to make Certain Budgetary
Closings for the Year 1999."

On motion of Alderman O'Neil, duly seconded by Alderman Thibault, it was voted that the Resolutions be read by titles only, and it was so done.

On motion of Alderman Girard, duly seconded by Alderman Reiniger, it was voted that the Resolutions ought to pass and be Enrolled.

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

A True Record. Attest.

Clerk of Committee