

COMMITTEE ON FINANCE

November 3, 1999

Upon Recess of BMA

Mayor Wieczorek called the meeting to order.

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

Present: Alderman Wihby, Reiniger, Sysyn, Clancy, Pinard, O'Neil, Girard, Shea, Rivard, Pariseau, Cashin, Thibault, Hirschmann.

Absent: Alderman Klock

Messrs.: Kevin Clougherty

Mayor Wieczorek addressed item 3 of the agenda:

3. CIP Budget Authorizations:

1994	7.40370	Sanitary Landfill Management Closure - Revision #2
1999	710199	Bridge Rehabilitation Project - Revision #2
1999	831299	School Energy Efficiency & Other Improvements - Revision #1
2000	410300	Troops to COPS
2000	650200	1037 Elm St. Rehab. - Revision #1
2000	710900	Notre Dame Bridge Rehabilitation

On motion of Alderman Wihby, duly seconded by Alderman Pinard, it was voted to approve the CIP budget authorizations, subject to the final adoption of related resolutions.

Mayor Wieczorek addressed item 4 of the agenda:

4. Resolutions:

"Amending the 1999 & 2000 Community Improvement Programs, authorizing and appropriating funds in the amount of Eight Thousand Nine Hundred Ninety Dollars and Twenty-seven Cents (\$8,990.27) for the 2000 CIP Project 710900 Notre Dame Rehabilitation Project."

"Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of Fifteen Thousand Four Hundred and Two Dollars (\$15,402) for the 2000 CIP Project 410300 Troops to COPS."

"Authorizing the Finance Officer to effect a transfer amount of Eight Thousand Nine Hundred Ninety Dollars and Twenty-seven Cents (\$8,990.27) from the 1999 CIP 710199 Bridge Rehabilitation Project to the 2000 CIP 710900 Notre Dame Bridge Rehabilitation Project."

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

Alderman Clancy moved that the Resolutions ought to pass and be Enrolled. Alderman O'Neil duly seconded the motion. There being none opposed the motion carried.

Mayor Wieczorek addressed item 5 of the agenda:

5. Resolution:

"Making a Temporary Loan of Twenty-Five Million Dollars (\$25,000,000) in Anticipation of the Taxes and Education Grants for the Fiscal Year 2000."

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

Alderman Wihby moved that the Resolution ought to pass and layover. Alderman O'Neil duly seconded the motion.

Mr. Clougherty stated the Board will recall that at the last meeting we've all been anxiously waiting the State Legislature to see how they would bring to conclusion a successful resolution to the Statewide Property Tax situation. Most of the cities and towns, as I reported to you at the last meeting were suffering cash flow problems and it was no different with our own school situation. In fact, I had a letter from the School Treasurer saying that they're anticipating a \$17 million deficit if we can't get the tax bills out. Today, the Legislature voted to a resolution for the property tax and it was going to be signed by the Governor, I understand, and we should receive a warrant and the consequential rates to make up the balance of that warrant tomorrow, at which time we'll hand them over to the Tax

Collector and the Assessors and to the people at Information Systems and have them start preparing the bills so they can be run over the weekend. For all practical purposes we hope that what was adopted in the Legislature today does provide the \$25 million that we are anticipating in taxes and we won't have to borrow. The only reason we put this on was...we weren't certain if the Legislature was going to be able to act on something today and we wanted to make sure that in the event that they didn't we at least started the process of putting something in place to be able to get cash into the City if we didn't get the tax bills out. So, the Mayor consented to putting on the resolution understanding that it's a two-step process that has to layover and would not be approved tonight, but at least get that mechanism going in the event that something didn't happen. I would ask the Board tonight to pass this and lay it over. In the event that what was enacted today by the Legislature is able to move forward that's great we don't need to do this and at the next meeting I'll ask to take it off. But, there has been discussion about the constitutionality about what was passed today and we want to make sure that we don't get into the situation where we've got tax bills out and we've got a problem in terms of collections and we need the extra couple of days to let that play out and make sure it's okay, so what we're asking tonight is to just take this temporary borrowing, advance it to the next meeting, not approve it...none of us want to execute that or go that route, but it is something there that if things do unravel we'll have the ability to make sure that schools are open because we can provide the cash flow as a last resort. So, that is the only reason it's on here.

Mayor Wieczorek interjected it's really contingency.

Alderman Thibault asked, Kevin, if in fact we would have to go into this mode, if you will, what kind of interest are we talking about on that money for the amount of time that we'd need it, a week or two or whatever.

Mr. Clougherty replied there are two ways you can do it, Alderman. You could go out and issue a note for \$25 million for a fixed term...the way we used to do it, you borrow it for sixty days or more and then you repay it back. You would pay double A rates, double A two city and that would probably be 3.5%. The other way you can do that is instead of going out and borrowing \$25 million, if you think there is going to be a resolution short-term you can go week-to-week with a line of credit. If you went week-to-week that rate is going to be closer to 6.7-6.8%, but again you're not borrowing as much and you don't have to prepare a prospectus and you save that way so that's why we're monitoring the situation and this resolution would allow us to do either of those. Obviously, as I stated to you at the last two meetings we don't want to borrow and when we do borrow we want to borrow the least amount for the shortest period of time and we'll evaluate that.

Alderman Thibault stated I guess my question is more directed to, if in fact the State gave us this problem shouldn't they pay for this interest that we are going to have to pay here. Why should we have to pay because the State made a mistake or has not acted upon this in proper time, I think it's terrible that the State would burden the cities and towns to pay this and is there any reasoning behind that.

Mr. Clougherty replied no, we agree with you, Alderman. You may recall Tom Clark's comments at the last meeting that we felt that these are things that should be charged to the State, but unfortunately if you wait for that to happen and go through that process you do run the risk of not having the cash to keep the schools open especially when we're talking about this last week before the agenda came out. So, we think that the crises for the most part has been averted...we think what they did today is a tremendous step forward, I'm sure it's not the ideal resolution that any of them wanted...there was a lot of debate on that, but there has been something passed, we should have authorization from DRA in the next day or two and we'd like to get the bills out. But, if for some reason that doesn't materialize we don't want to have to lose this step and lose a week, so we'd ask you to again be patient with us and allow this to go forward to the next meeting and then we can hopefully be done with it.

Alderman Thibault stated, Kevin, I agree with what you are saying here, but can we put a dollar figure...or what would this cost the City if we do this.

Mr. Clougherty replied again, Alderman, it's a matter of how long you borrow and how much, but I can assure you and as Tom mentioned last week also we are keeping documented cost on this in terms of our time, the interest costs, all of that will be calculated so when and if we have to go to the Legislature we will have...along with all of the other cities and towns of New Hampshire a basis for doing that.

Alderman Thibault asked do we have any estimates at all.

Mr. Clougherty replied not until you actually go to the market and borrow and again we're hoping we won't have to do that.

Alderman Girard asked would it be appropriate for this Board to send the State a letter requesting that it pay the City's borrow costs should we have to do that.

Mayor Wieczorek replied I think at this point we ought to wait and see what happens.

Alderman Girard stated if we have to issue...or if we end up having to borrow the money, I'm suggesting that the Board send a letter to the State and the bill for the costs.

Alderman Cashin stated that's a little premature, I think. I don't think we're at that point right now and if I'm not mistaken the Governor has signed this and it looks like it's going, so I wouldn't do that.

Mayor Wieczorek stated she's (the Governor) signed it and I understand it's signed for two years to give them some time, is that right.

Mr. Clougherty replied that's right.

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

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

A True Record. Attest.

Clerk of Committee