

COMMITTEE ON FINANCE

June 3, 2003

Mayor Baines called the meeting to order.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Guinta, Sysyn, Osborne, Pinard, O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Thibault, Forest

Mayor Baines addressed Item 3 of the agenda:

Communication from William Jabjiniak submitting a Bond Resolution:

“Authorizing the Issuance of \$27,500,000 Bonds, Notes or Lease Purchase Agreements Of the City for the Purpose of Constructing a Minor League Baseball Stadium as part of the Redevelopment of Singer Park, so-called, and Reconstructing Gill Stadium, and in Connection therewith, Authorizing the City to Enter Into a Development Agreement and Management Agreement With 6 to 4 to 3 LLC, or any Successor thereof, to Provide for the Development and Management of the Proposed Minor League Baseball Stadium.”

On motion of Alderman Thibault, duly seconded by Alderman Pinard, it was voted to read by title only and it was so done.

Alderman Forest moved that the Bond Resolution ought to pass and lay over. Alderman Sysyn duly seconded the motion.

Utilizing a computerized projection, Deputy Finance Director Sherman and Destination Manchester Coordinator William Jabjiniak addressed the Committee with a presentation.

Mr. William Jabjiniak stated tonight we are simply going to introduce the Bond Resolution, which includes the development of the management agreement. This is the first of two votes that you will be asked to take on the financing package for Gill Stadium and the new Riverfront Stadium. Randy is going to go through the agreements in detail. In those agreements

is the personal guarantee of the bond payments by the developer. We will review how the Assessors have identified \$42.5 million of new assessed property. We will also go into the details like the letter of credit. I will wrap things up and review the two boards that you see up front of both Gill Stadium and the Riverfront Stadium to date. If it doesn't come out during discussion we are going to cover pieces like Singer Park relocation and talk about the additional pieces like the residential towers and the peaker power plant. With that, I am going to turn it over to Randy.

Mr. Randy Sherman stated I have a number of slides here that we will walk through. You have actually seen this slide before but just as a recap back on November 14 the City entered into a Memorandum of Understanding. Pretty much what the MOU stated was that the City would issue up to \$27.5 million if the developer/team met certain conditions. I think we are here tonight asking for a vote on the \$27.5 million because we feel we have met all five of these conditions that are laid out before you. Again, these are the business documents that were laid out in the Memorandum of Understanding and we are here tonight to present the final two documents, the development agreement and the management agreement. Tonight we are going to obviously go over those two agreements. We will talk to you about the financing and as you all remember one of the key factors in the financing was the property valuation - the tax revenues that will be generated from the site to pay a portion of that financing so we will get into the valuations. Then we are just going to take a quick minute to update you both on the Riverfront location and on Gill Stadium as they have moved along with that and then we will get to the Resolution that you have in front of you. The development agreement is the agreement between the City and 6 to 4 to 3 that lays out the process for the actual construction of the new stadium. The total budget is \$27.5 million. Keep in mind that the \$27.5 million includes Gill Stadium as well as the new stadium and it also includes all of the costs that have been incurred by the City or will be incurred going forward. So all of the costs that we have had for legal expenses and from Walter McCabe at Ropes & Gray, the agreement allows for the City to have a City representative to oversee the project on behalf of the City. Those costs are absorbed within that \$27.5 million. If we do go over that \$27.5 million there is a provision in the development agreement that the developer picks up all of those cost overruns. The development agreement does not provide the developer any development fee. So they are not taking an extra fee for coming in and doing this work. They do, however, get reimbursed for their reasonable out-of-pocket expenses like the cost of running the office and being around and again overseeing the project. The City has all approval on the design change orders, contractors and any key personnel who are involved in the project. As far as the

timeframe that we have laid out and again this goes back to the MOU and it has been carried forward into the development agreement, the project completion date is December 31, 2004. So they pretty much have about 18 months to get this project done. Now we have allowed up to 90 days for an extension period if unforeseen issues come in but the development agreement requires that the stadium obviously be opened by April 1, 2005. If it does not meet that April 1, 2005 and the team is required to continue to play at Gill Stadium and, therefore, cause disruptions over at Gill Stadium with the high school teams trying to get back in or the legion or Babe Ruth teams trying to get back into Gill Stadium there is a \$10,000 per week penalty to the team for causing that disruption up to \$250,000, which if you do the math is 25 weeks and pretty much takes you right through the end of the summer. If they miss the whole season we would get up to that \$250,000. Obviously the team has an incentive to get into the new stadium so this is almost a double kick for them. One, they don't get a new stadium and two they are paying for not having a new stadium. Also, in 2005 whether they are in the new stadium or not they are paying that \$750,000 minimum payment so that comes to the City as well. The protections that we have in this document for the City – all the contractors that are actually on-site doing the work will be bonded, not only professionally but on performance as well. The project is being personally guaranteed by Mr. Sanborn and Mr. Weber. Not only for the financial issues but also again on the performance issues. Keep in mind that under the master lease agreement that we had on the entire property there is a three year letter of credit or a letter of credit out there that equals the value of the property taxes that we need to pay this debt that we have access to. That number is approximately a \$5.6 million letter of credit that is sitting out there that the City has available to it to call upon either to do on the project if we need to call it on the project to get something done or again if the valuations don't come forward we can call that to pay the debt. That is the development agreement. The second agreement that you have in front of you is the management and operation agreement. Once we get the stadium constructed we are then entering into an agreement with the team to run the stadium for the City. The term of this agreement coincides with the debt service so whenever the debt service expires they finish out that baseball season so let's say the last payment is 25 years from now in June, they finish out the baseball season and then the term of their lease expires as well. The requirement under the management and operations agreement is they have a guaranteed minimum payment. This is that \$750,000 that we have been talking about since last November. For the first 10 years of the agreement that \$750,000 will stay flat. After that it will escalate based on the consumer price index. Now we do have a rate collar on that. The floor is the CPI and we have a ceiling of 5% so it can't go over 5%. The

guaranteed minimum payment also includes the debt service on \$2.5 million. If you recall what we did back in November is we said it is a \$25 million project and if they chose to add additional amenities or if the cost is going up and they ask for \$27.5 million they would pay an equivalent amount equal to the debt service for the difference between the \$25 and the \$27.5 million. They are asking for the \$27.5 million so whatever the debt service payments are on that additional \$2.5 million will be added to their guaranteed minimum payment. As we promised back in November, we do have a revenue sharing provision in the contract. This would be a payment made to the City over and above that guaranteed minimum payment. The City will receive 25% of the net revenues over net revenues of \$975,000. The way this works is 6 to 4 to 3 will take in all of the revenue from the stadium and they will pay all of the expenses on the stadium including the guaranteed minimum payments to the City. That will leave them with net revenues. The first \$975,000 now goes to the team/management company. That is split really between...we will call it two entities although it is really one and then the City will share 25%/75% with 6 to 4 to 3. Now as an incentive to enhance the development along the riverfront what we offered to the developer or the team in this case is that we would reduce that 25% by 5% for every additional \$10 million of assessed valuation over \$80 million. When we came forward in November they estimated that their assessed valuation on all of the development was going to be about \$80 million. That is where that number comes from. If they should happen to get that up to say \$100 million what that does is that generates additional tax revenues for the City. By giving them that incentive to generate additional tax revenue for the City, we are giving up 5% of the net revenues going forward. What we have set and actually I should have put it up here on the slide is we set the floor at 5%. So if they get all the way up to \$120 million of assessed valuation, the City will receive 5% of the net revenues over \$975,000. That \$975,000 does not change. Neither does the \$80 million. As I mentioned earlier, the manager has responsibility for all of the maintenance and all of the operating costs. The City is not responsible for any of that. They are also responsible on Day 1 to set-up a capital reserve fund for \$250,000 and then going forward they add \$25,000 each year. Now they obviously have the ability to go in and draw off of that money for capital repairs but keep in mind this asset is owned by the City so we want that facility to be kept obviously in good condition and we have required them to set-up that capital reserve. We have also put in the agreement that the City retains the right to use the stadium when it is not in use by the team. So if the City wants to hold an event down there we just need to schedule it around the use by the team, whether it be practices or games, and then we can cut whatever deal we can with the management you know open the stadium for us, clean the stadium, maybe have the

concession stands open, whatever but the City has the right to run events in the stadium. We also put a number of pre-opening responsibilities on the management company. We have asked that prior to the opening of the stadium they develop a business plan and a plan for the concessions. They obviously have to prepare the ballpark to be open. There are certain items that they are actually going to need to bring in to the stadium such as concession equipment. Concession equipment is not included in the \$27.5 million. Typically in a situation like this whoever is running concession brings in their own equipment. They have to lay out their schedule for personnel, club promotion and advertising. They have to come to an agreement with the Police Department on who is responsible for security both inside the stadium and outside the stadium. Then they have to come up with their accounting procedures again so we know what the net revenues are and we will be able to track that. Then they are required to have a grand opening celebration where, again, the residents of the City can come in and see the stadium and get introduced to it. The protections that we built into this one I am certainly pleased with. We have a letter of credit that will go for the term of the agreement that will be equal to three years worth of payments of the guaranteed minimum payment. So, at a minimum it is going to be three times the \$750,000 plus three times the debt service on \$2.5 million. That is the first protection that we have and that goes right through the term. Obviously if the \$750,000 increases and the debt service goes away those numbers will all be adjusted but we will always have three years available to us through a letter of credit to call if those payments aren't made. At the insistence or suggestion I will say of Alderman Gatsas, again we have the personal guarantees from the principles. Both Mr. Weber and Mr. Sanborn have signed on with personal guarantees and we also went one step further and we are requiring them to have key man insurance on both Mr. Sanborn and Mr. Weber to the tune of \$1.5 million each. What that does is if either one of them should meet an untimely death it provides the City with two years of payments. So again while the team is maybe getting its feet back under them and going through some changes and dealing with the issues, the City at least knows that it has those dollars available to them as again a third protection. Again, a quick walk through the financing. It is a \$27.5 million resolution. It covers Gill Stadium, all of our soft costs and financing costs and again a City representative during the construction process. These will be City issued general obligation bonds. The total development when it gets all up and running including the residential parcels we are still anticipating it is \$2.6 million of revenue. Again, that is at today's tax rate or the tax rate that we set last fall. I just want to make it very clear not only to the Aldermen but to those who are viewing it, the hotel, power plant, residential and retail developments are all being privately financed. The only money that the City is putting forth is

going to the stadium and Gill stadium. As I mentioned earlier one of the key points of this program was that we needed to have \$40 million of assessed valuation in place that would generate sufficient revenues to cover the debt service and that is over and above the guaranteed minimum payment that we are getting from the team. Over the last several weeks the developers have met with the Assessors. As of yesterday these are the values that the Assessors feel comfortable with placing on these portions of the project. You see next to the two power plants there is a one there. This is really a phased in project. I know we talked about significantly larger numbers when we first talked about this last fall. This really represents the value of a 20-megawatt facility that they are looking to bring in. They are also looking at an additional 80 megawatts over and above that so that obviously would be Phase II. Bill do you want to take a quick walk through Gill Stadium.

Mr. Jabjiniak stated sure I can do that. First of all I want to assure everybody that the Central High locker room isn't going to be touched. It will remain in its current status.

Mayor Baines asked could you repeat that one more time please.

Mr. Jabjiniak answered sure. The Central High locker room will not be touched and access will be maintained. However, they are going ahead and renovating the existing restrooms and locker rooms in this area. They have restrooms here and over here as well. There are going to be two new locker rooms with restrooms and that is in this area here on either corner. They are going to be making structural repairs to the seating bowl itself. They found a lot of termite damage and things like that when they got out there so they are going to do some structural repairs. They are going to also add a new concession area out here. It will be brand-new and up to today's fire standards. There will be a new sprinkler system throughout Gill Stadium entirely. They will also be installing brand-new decking in the seating bowl area and new seats. They are looking at 3,500 new seats in the existing bowl area. There has been a very big problem with ADA compliance...

Mayor Baines interjected 3,500 seats and there is what 2,800 now.

Mr. Jabjiniak replied I believe that is accurate. I mentioned ADA compliance. They are going to be spending \$1.2 million on ADA compliance and that includes the new elevator, some ramps out here on the side. The elevator will actually stop at the ground floor, seating level and press box area so the press box is also being renovated and that will include

some new technology so that we can run some computer generated software and so forth. The field itself will be a new synthetic surface and have a full size field for baseball, football, soccer and lacrosse. The field is actually pulled back closer to the seating bowl itself in terms of the full layout of the football field. Homeplate does not change by the way. Dugouts will be expanded by about 25' to accommodate Double A baseball. That also includes some ramps. The ticket booth out front will be renovated and include heating, air conditioning and proper ventilation. It will also be ADA compliant and the site will be resurfaced from there to the curb with new wrought iron fencing as well. The Riverfront Stadium has actually gone through some changes and right up here at the top we have a change but unfortunately it is off the screen. Commercial Street is going to actually be extended and brought into this roadway coming in here. It is not a square 90-degree turn. It is simply going to be more of an S curve coming in. In addition to that we have two other points of access. This here is a four lane fly over that tracks into the site itself and down here just off the screen is going to be the roadway into the southern area, which is not off of Gas Street actually. The retail is really demanding some of these changes that you are seeing here. They need convenience and they need access. That is why this is four lanes and you do have access here and at the northern end of the site. You still have your 120-room hotel and parking here for the hotel. You do have all of the entrance plaza and everything for the ballpark that hasn't changed too much but the retail configuration has changed substantially. You are now looking at 210,000 square feet. You are looking at almost a third level. You have two layers of parking underneath here and then you come to the one level of retail and it is at an elevation that you can actually walk over to the ballpark and look down into it. Parking is going to be for 1,400 cars plus 600 cars for park and ride that is included underneath this structure here. The ice rink is also included in here as well. There is a budget for public art that they have included. There are also plans for restaurants in these buildings here, which are near the ballpark itself. This is commonly known as a lifestyle center and that is why everything is on one level. Again, this is like 40,000 square feet at this point. The residential towers have not been finalized. They are shown on this picture right here but with the site moving around until just recently, they need to pin down an exact location and that will happen in the very near future. The first three pieces to go are the baseball stadium, the hotel and the retail. We also maintain five or six points of access out onto the Riverwalk itself, which I think is important to maintain going both north and south. Randy mentioned the power plant. Singer Park came up and I want to say that Singer Park is still in this mix. Singer Park is still anticipated to be put somewhere in the City. We just haven't decided where. We haven't presented any other options to you at this point. They

are certainly standing behind their original agreement and will relocate it wherever we can identify an appropriate space for that. That pretty much concludes the presentation.

Mr. Sherman stated I have one more slide. The resolution that is on the agenda, I just want to let you know what a vote on that does. As Bill mentioned it is a bond resolution. It actually takes two votes so it would have to lay over like any bond resolution. This resolution is not unlike the one that you adopted earlier this year when you did the master lease and Gill Stadium all at the same time. It authorizes the \$27.5 million of bonding and it also authorizes the Mayor to execute both the development agreement and the management and operations agreement. So they are tied together. You can't effectively vote for one of the three without voting for them all because you certainly wouldn't want to pass a development agreement and not pass the funding or vice versa. So they are all on one resolution and again they would all lay over to the second vote. Now that concludes the presentation and we will take questions.

Alderman Pinard stated I would like to get a clarification on Singer Park. I don't think that we have had enough discussion on this. Mayor Baines stated awhile back that the Singer family would be taken care of. That is the last time I heard anything about it and it has been like six months. I don't think it is fair to the Singer family. I don't think it is fair to the Aldermen. I don't think it is fair to the general public.

Mayor Baines responded obviously I have heard personal conversations with the Singers about this issue. There is some work being done behind-the-scenes in terms of looking at some alternatives and within a relatively short time we will have before this Board some suggestions on how to deal with that situation but you have to understand that the Singers have been very involved in a lot of the discussions and that will become clear as time goes on over the next several weeks.

Alderman Pinard asked do you have any location in mind or is that a secret.

Mayor Baines answered I think there is some work being done behind-the-scenes and again there will be some information forthcoming within a short period of time.

Alderman Pinard stated I hope Derryfield Park is not in the picture because that is a family park, the only one left in the City where people can go.

Alderman Garrity asked what is the length of the bond.

Mr. Sherman answered we haven't sold it yet. We haven't obviously gotten to that point. Most likely the shortest we would do it would be 20 years.

Alderman Garrity stated so we are bonding something and we don't know how long we are bonding it for. Is that what you are telling me?

Mr. Sherman replied with a facility like this you could bond it up to easily 30 years. Typically the City does 20. When we did the civic center we did 30. When we did the Airport we did 30. It is all going to depend on what the market is demanding at that point and how long of an agreement...we will talk to the team owners. If they would like it longer we can certainly go 25 years if that is what their choice is. I think the longer you have it the better off you are in this situation but certainly the minimum we would do would be 20.

Alderman Garrity responded if you go from 20 to 25 to 30 I think that means a lot. Page 5 of your handout it says guaranteed payment of \$750,000 for 10 years. That is guaranteed for 10 years?

Mr. Sherman stated the \$750,000 is a flat amount for 10 years and for year 11 the \$750,000 increases by the consumer price index and then it increases again every year after that.

Alderman Garrity asked but it is not guaranteed after the 10 years right.

Mr. Sherman answered it is guaranteed for the term. That is the floor they will be paying.

Alderman Garrity asked how can they make that commitment if we don't know how long we are going to bond.

Mr. Sherman answered again what the agreement is is the life of the bond. They have actually asked that it be 25 years. We have actually pushed to say that typically we only do 20 years. It can be either.

Alderman Thibault stated first of all I would like to let the Board know that the Greater Manchester Development Corporation is behind this 1,000% and I certainly as an Alderman on that Board with Mary Sysyn...I am quite sure Mary is with me saying that we are behind this thing. If we look at what has happened in the City in the last few years and you look at the Verizon Center and you look at us going through the budget this year and

trying to save pennies here and there, here is an area here of the City that brings in taxes right now of absolutely nothing and we could realize somewhere between \$2.5 to \$3 million if I see this right. To me this is certainly a goal for the City and I hope that these Aldermen will look at this very carefully and vote appropriately.

Alderman Shea stated I realize that Gill Stadium is going to be starting initially. How is the project going to proceed? In other words is the 6 to 4 to 3 LLC going to start with the hotel? What is the synchronization here?

Mr. Sherman responded I think as soon as the second vote goes through my guess is that within two weeks they will mobilize at Gill Stadium. They will start there...keep in mind that they need to be playing in FY04. As far as the rest of the development goes, as soon as they get through the rest of the Planning Board issues and the actual site issues my understanding is they are all pretty much going to be going at the same time.

Alderman Shea asked does that mean the power plant will begin construction and the hotel will begin construction.

Mr. Sherman answered I am glad you brought up the power plant because I meant to get back to that in the presentation. If I get too far off track reel me back in. They have run into a few issues. One being the size of the transmission lines that are on the site and if you recall at one of the earlier meetings some issues were brought up I believe by the Conservation Law Foundation about some issues with that as well. They have identified what they consider a better site down on Brown Avenue. They have looked at both EPD's property to figure out what they could do there and they have also looked at the property that is owned by the Airport. Believe it or not the easement...Public Service has an easement that runs right through that industrial park from the Mall of NH and they plan on running 115 lines right through there, which is the size line that you need for the 80 megawatts that they are looking to bring in. However, on EPD's site they could put a smaller unit, which is this Phase I to get into the area and on. That is really what we are looking at now. They need several more weeks maybe – maybe even up to a month to continue that look to make sure that all of that is going to work. At that point what we would have to do is go back and amend the MOU that we have with TRC Power to move the site from the current Singer identified location down to the Brown Avenue site but we are still working on those issues.

Mayor Baines stated I am going to reel you in and go back now to the construction timetable approximately.

Mr. Sherman stated as far as the Singer site, the power plant...we can now set aside and that is not an issue. The retail and the stadium...all of those issues they will be on there working on that entire site.

Alderman Shea asked how about the residential towers. Is that going to be synchronized at the same time or is that something that will be coming later?

Mr. Jabjiniak answered I think what they are doing is simply because of the change in the retail they are now looking at how does the residential fit best. Residential will be on that site it is just where and what configuration has yet to be determined.

Alderman Shea asked will that be done...in other words so we can put things in perspective are contractors going to be working on the stadium. Are contractors going to be working on the residential towers? Are contractors going to work on the power plant? Are contractors going to be working on the hotel? How is all of this going to happen so that people can understand all of these things?

Mr. Jabjiniak answered it is going to be a very busy site. There will be people working on the hotel, baseball stadium and retail at the same time and probably at the peak timeframe you will see activity on the residential as well.

Alderman Shea stated so the stadium is due to open in September 2005 or April 2005. By that time will the hotel be built? Will the residential towers be built? Will the power plant be up? Will the plaza and so forth be done?

Mr. Jabjiniak responded with the opening of the stadium I would expect that the hotel would be opening at approximately the same time – a month either way. I would expect the retail would be opening at about the same time. Again, a month or so either way and I would expect the residential to follow shortly after the opening of the stadium.

Alderman Shea stated I was kind of struck by the fact that general obligation bonds are going to be used. My understanding was that we would be using revenue bonds. Now could you explain so that I am not concerned here about any situations?

Mr. Sherman responded we have said all along that they would be general obligation bonds and there is a reason for that. In order to issue a revenue

bond you need to be constructing a facility that would generate revenues. Now for example we are doing the \$40 million deal or the \$38 million deal over at the Water Works. Water Works will build that facility and generate revenues by having that facility. What you have more in this situation is what they call a tax increment finance zone where you do infrastructure work...you do the work, you bond the project and then the development that comes in around that project generates property taxes that are used to pay those bonds. Now when we talked last November we stayed away from actually creating this TIF zone because what we want to be able to do is when there are excess revenues, which as we have shown there is going to be excess revenues generated from the site. We want to be able to pull those revenues off site. We don't want them to have to stay on the site. You want them to come in to your general fund. We are doing sort of a TIF but not a TIF but because there isn't a facility that generates the revenues to create a revenue bond we are doing it as a general obligation bond.

Alderman Shea stated I was on Billy Dodd's program last night and he asked me to bring up the fact of the conservation of the trees along the Merrimack River. What is the intent of the developer there? They are not going to be removing the trees are they?

Mr. Jabjiniak responded I believe the developer won't be touching anything to the west of the Riverwalk. That is a separate permitting process. They are really staying to the east of the Riverwalk, the current Riverwalk location.

Alderman Shea asked so will he get together with the Conservation Commission so there won't be any misunderstanding in that regard.

Mr. Jabjiniak answered all of the permitting processes and Planning Board processes and conservation...actually the permitting process has already started. The Planning Board will be next and then we will get involved with the Conservation Commission.

Alderman Gatsas asked, Bill, did I hear incorrectly. Did you say park and ride or a parking garage?

Mr. Jabjiniak answered I think I referred to both actually. Within the parking structure you will find 1,400 spaces for retail use. You will also find 600 spaces for the park and ride that we talked about being funded from the state.

Alderman Gatsas asked are you telling me that the state is approving a park and ride that can be used for retail operations.

Mr. Jabjiniak responded what I am telling you is they have incorporated a park and ride into the design that will be presented to the state for their approval.

Mayor Baines stated there have been discussions with the state on this.

Mr. Jabjiniak responded they have had discussions with them about that very issue.

Alderman Gatsas asked they have approved it.

Mr. Jabjiniak answered I won't say they have approved it but they have had discussions and been open to those discussions. We simply need to provide the infrastructure and the land for the park and ride facility.

Alderman Gatsas stated my understanding with a park and ride is that it can't be used unless the use is directed for a park and ride.

Mayor Baines responded and that would be the restriction on that particular facility for the approval process.

Mr. Sherman stated Bill talked about the second entryway, which is actually coming to the very lower end of this picture, which is the southern end where Gas Street is so it is coming in by MTA. That entrance down there actually goes in to the park and ride. That is why that extra fly over was there. You have actually taken that parking garage and it is almost as if it is two separate facilities at that point. Again, I haven't been part of the discussions with the state but my understanding is they have had those preliminary discussions and again they have been open to that concept.

Alderman Gatsas asked who has been involved with those discussions with the state.

Mr. Jabjiniak answered Bob Duval who is the engineer for the development team and representatives of the Highway Department, probably Dennis Anctil.

Alderman Gatsas asked so the Commissioner has not given her approval on this.

Mr. Jabjiniak answered not to my knowledge – no.

Alderman Gatsas stated I believe in the MOU and I am not certain about it but isn't there an additional deposit due for the electrical plant.

Mr. Sherman responded yes.

Alderman Gatsas stated the second deposit. There was one \$50,000 and one for \$25,000?

Mr. Sherman answered there was a \$100,000 deposit that was due six months after the execution of the MOU.

Alderman Gatsas asked when was that due.

Mr. Sherman answered that was due May 14.

Alderman Gatsas asked have we received that check.

Mr. Sherman answered we have not.

Alderman Gatsas asked why have we not received that check. Are they in breach of contract now? Could I get an answer from the City Solicitor?

Mr. Sherman responded I worked with Tom Arnold on that and what we decided to do...under the MOU there is a dispute resolution period so what we have done is we have informed them that they are delinquent in their payment. We have made a formal request for that payment and also said that we initiated the dispute resolution period, which is a 30-day period.

Alderman Gatsas asked your Honor is there any reason why this Board hasn't been notified of a delinquency on a \$100,000 item? If we are going to be notified on everything on this project why aren't we notified on this? We haven't even started on the project.

Mr. Sherman answered the resolution that we came up with is we followed the agreement which has this 30-day period. Once we get to the end of the 30-day period if that payment is not received at that point it was the opinion of Tom Arnold and myself as well that we have a default. Now at that point we would have to come back to the Board and the Board would decide whether you wanted to terminate the agreement at that point or let the default ride and follow the collection process.

Solicitor Clark stated what Randy is saying is appropriate.

Alderman Gatsas stated your Honor if I for some reason didn't remember this off the top at the end of that 30-day period we could have a project that is in default and we are guaranteeing...we are going forward with \$27.5 million worth of bonds.

Mayor Baines responded I think it was answered by the City Solicitor. They do expect that issue to be resolved and they are working within the agreement that has been struck. They do expect the issue to be resolved within that 30-day period. That is the best way I can see it.

Solicitor Clark stated that is correct and it would have been incumbent upon staff to inform the Board before they took any final vote on the bonding.

Alderman Gatsas stated well we are looking to take bonding action tonight. It is going to lay over to the next meeting and we will vote on it again next Tuesday. I don't know, are you going to come to a conclusion...

Mr. Sherman interjected by next Tuesday. Well it is the 26th day. We are getting really close to that 30th day. Certainly not to defend TRC Power because they will tell you I haven't defended them on this but their issue is that they are looking at the other site. We have had discussions about amending the MOU. Not to do away with the payment but certainly to change the site. From the City's standpoint I also understand the MOU and the legal issues there and we have requested that payment.

Alderman Gatsas stated your Honor I think it is pretty obvious that with your leadership somebody would step in here and say if there is a problem we shouldn't be waiting until we are in a default situation. That this Board should be notified immediately about a problem. Now I don't think it is even reasonable for fair to ask us to take a look at something and I feel bad for the developers because nobody brought this forward to us. I am asking questions about an issue that should have been brought forward to us in the first place. Did you know about it, your Honor?

Mayor Baines responded yes and I think the City Solicitor has been given the responsibility to work through it and I think it has been thoroughly explained.

Alderman Smith stated with all due respect I agree with Alderman Gatsas but I would just like to say on behalf of the developers everything we asked of them they came through with. First the feasibility study and then we

asked them to get a franchise and they did that. We asked them to get the okay from the Red Sox. They have been up and above honest. I would just like to say that I believe the assessed property is \$42 million that we will be getting taxes on. I have been here for two years and I don't think any revenue has come in over and above individual houses and so forth. This is a big step for the City of Manchester. I think it is a wise one. It is going to promote employment. From what I understand 25 to 30 people permanently. There will be 120 to 150 jobs for our students in the summer. It does not have any adverse affect on the tax rate. Anybody who thinks right now that it is going to cost you a penny on next year's tax rate you are totally wrong. I will say this. It will broaden our tax base. It will bring revenue into the City of Manchester from visitors and also it will beautify an area, which right now is contaminated. That is why if anybody wants to know why the senior center wasn't put down there. I firmly believe the biggest thing is Gill Stadium in my estimation. We have been trying to take care of our youth for years and this is a good way to have a top notch facility, not one but two and also free up a field down by Beech Street School for our youngsters to play in. This field will be a multi-purpose field and I also will say and I take...well I do not agree with the status out here that says it should go to a referendum. If we pass this they are going to be starting at Gill Stadium next month. Time is of the essence. People here are criticizing us and they had 14 months to do it. Because everything came to fruition now they want to have a referendum and time won't permit it. I want everybody to know that. That is the reason why...I hope my colleagues will go forward with it. I think this is a grand slam for the City of Manchester. Thank you!

Alderman DeVries stated first off and I think I have made it clear when I have spoken before that though I am very intrigued with baseball I am most intrigued with the economic development that is going to be surrounding the baseball project and without a doubt that will be the grand slam for the City of Manchester. I was very happy to see this new incentive built into our management agreement that did not exist at the MOU level, which is taking care of some of my lingering fears that we would not see the fruition of the completion of the development. It is putting the incentive in where the developer can actually receive additional revenues as part of the sharing of revenue...he will receive additional revenues for every additional \$10 million above \$80 million. It is an incentive that really answered that one question that I had. What is going to guarantee us above \$40 million and I thank you for putting that in there. Also, on behalf of a member of the audience who asked the same question that I was asking of you earlier today, maybe I could ask on Page 25 of our management agreement going through once again the primary guarantee versus the guarantee of collection

and you gave me a very good explanation of why that afforded us an additional guarantee of those obligations on the part of the developer but for the audience once again could you go over that.

Mr. Sherman stated it probably won't be as eloquent as it was the first time. What this does is it puts their guarantee to the City sort of in a first position. It does not allow them to leverage this contract for anything else. When it comes time to pay and to put up on the deal the City has that first site.

Alderman DeVries stated so we are at the front of the line and the assets can't be tampered with. I would just like to also echo the sentiments of Alderman Smith that it is time that we move this along. I admit that Alderman Gatsas has reason to be concerned but I do believe that our separate MOU on the separate contract that is running with the power company...we can have that answered before this comes back before us next Tuesday. We are only authorizing the payment or giving the authorization to issue the bond. We are not actually issuing the bonds here tonight. In fact, we cannot issue the bonds until that power plant becomes a part of or a component of this because the tax revenues are dependent in that first \$40 million. If that goes in default of payment we are putting a halt to this project until there is another \$40 million in there. I am sure they will rectify that and by next Tuesday we will have hard and firm answers I hope on that.

Mr. Sherman stated I guess I go back to the point that we are requiring a letter of credit be put up under the master lease agreement equal to three years of those property taxes. That was required just for this type of situation that we have \$42.5 million worth of assessed valuation and if one of those should happen to not develop because again you still have the construction period and zonings and all of those other issues we have the ability to draw on that letter of credit to make the debt payments and that is why that was put in there. So again even if you are looking at the power plant and we certainly believe it is going to go forward, it is \$6 million. We would be able to draw on that letter of credit to cover that property tax payment if that did not come to fruition.

Alderman Garrity asked Randy can you list the possible locations that you are looking at for the power plant.

Mr. Sherman answered they are looking at the EPD site more towards the administration building towards the railroad tracks and the other location is the property that the Airport bought about a year or so ago for parking, which is behind where the Taje Inn is going. It is almost six acres.

Alderman Garrity asked and the reason why they want to move it to that location is what.

Mr. Sherman answered again it has to do mainly with Public Service and the size of the lines. If you are going to bring 80 megawatts into the transmission system you need 115 lines. The Singer site is only a 34. They can't put those size facilities down there. Now certainly you can run 115 lines anywhere you are willing to put up towers. If they were to put it down on Singer your towers would probably run right down Canal Street. Right along the railroad track down Canal Street to get up to Amoskeag Station and that was not Public Service's first choice. They already have the easements to run it down through the Brown Avenue site and across the river from the mall. They have actually plans to do that in the next two years which actually coincides very well with this project. So as TRC was talking to PSNH they actually brought that site to light and had him go down and look at that. Again, we were trying to initially put the two larger units on the EPD site and we just ran into the site issues as far as underground pipes and those types of issues. The Airport land works beautifully because the easement actually is directly across the street. In order to hook into those lines it is a very simple connection.

Alderman Garrity asked has the permit process started for that.

Mr. Sherman answered no.

Alderman DeVries stated there are a couple of other benefits that we really didn't touch on. By utilizing that Airport land currently that is not taxable and with this exchange that is now putting some industrial property right back on the tax role. For Ward 8 there is an added benefit. When this was explained to me today I immediately recognized that that was the prior location that our Junior Deb softball program was practicing on before the Airport became involved in that property and knowing that these are very small trailer power plant units and they were not going to occupy that immediate facility the developer has stepped in and said that he would be willing to redo some of the softball fields in that area. All of the extras would have to be worked out. We haven't worked out the schematics on that but that is a big plus because South Junior Deb really did get shortchanged when the Airport went to put parking in there. This is a good thing.

Mr. Sherman stated they actually said that they need about four acres so the rest of that site really would be available. For anybody who has a concern

about what these are going to look like they have agreed that obviously if it does on that site you don't want the room facing the river from the Taje Inn but what they do is they build walls. You wouldn't actually see the power plants. You wouldn't even see the power plants from the road. They build actually a false wall that will not only send the sound away from the residential houses on the other side of Brown Avenue but also protect the view.

Alderman Guinta asked what is TRC's payment schedule.

Mr. Sherman answered they were to make the \$100,000 payment on May 14 and a second \$100,000 payment on November 14, 2003.

Alderman Guinta asked what have they paid to date.

Mr. Sherman answered they paid the initial \$50,000 the day we executed the agreement, which was last November 14. Again, then they would have to pay \$100,000 and a second \$100,000.

Alderman Guinta responded and then that is it for up front.

Mr. Sherman replied yes that would be it for the exclusivity fee they were paying.

Alderman Guinta asked are there any other fees or payments that they had to make.

Mr. Sherman answered what they were also doing is as the facility came on we had the guaranteed minimum tax payment that they would be paying up to \$500,000.

Alderman Guinta asked annually.

Mr. Sherman answered yes. Again that was a floor that we put on their tax payment. We also have a revenue sharing provision in that agreement where the City gets back \$.015 for every kilowatt hour.

Alderman Guinta stated you said you are adhering to the contract in terms of the delinquency structure, which is 30 days. Did you call somebody? Did you send them a letter?

Mr. Sherman responded we talked on May 14. Mr. Fitzpatrick and I talked on May 14.

Alderman Guinta asked who is Mr. Fitzpatrick.

Mr. Sherman answered he is the Chief Financial Officer at TRC Power. He explained that we would not be receiving a payment.

Alderman Guinta asked did he call here and say you are not going to receive payment.

Mr. Sherman answered no. I believe I called him.

Alderman Guinta asked so we hadn't received a payment on May 14 and you had the idea of calling him to find out why we hadn't received it.

Mr. Sherman answered right and was it in the mail. He indicated that it would not be coming and explained his concerns.

Alderman Guinta asked and what were his concerns.

Mr. Sherman answered again it is the issue that he doesn't have a lease at Singer. That site doesn't seem to be ideal to the situation.

Alderman Guinta asked what does that mean.

Mr. Sherman answered because of not only the conservation issues but also the transmission issues.

Alderman Guinta stated hold on. I am going to write all of this down. Conservation and what?

Mr. Sherman replied transmission or the size of the transmission lines.

Alderman Guinta stated I would say that a month ago or six weeks ago we specifically talked about the conservation issues. The full Board talked about it and as I recall we came up with a limited agreement at least to adhere to as best we could conservation guidelines. Do you recall that?

Mr. Sherman responded vaguely I do.

Alderman Guinta asked was TRC notified of that Board action.

Mr. Sherman answered they are aware of that issue.

Alderman Guinta replied are they aware that this Board had a full public discussion about the conservation issues and is TRC aware that we are aware and that we are being proactive. Are they aware of that and if they are aware of that how were they notified?

Mr. Sherman responded I can't say that I notified them so if they are aware of it I couldn't tell you how they became aware of it. Again, I know that they are.

Mayor Baines stated well they are working with the developer obviously.

Mr. Sherman responded whether Mr. Sanborn brought it up to them or not, I am not certain.

Alderman Guinta asked do you expect them to make this payment by the 30th day.

Mr. Sherman responded I would hope that they would. I can't speak for certain that it will happen. I think if we had resolved it we would have gotten the payment by now.

Alderman Guinta stated now I want to switch gears. I agree with what Alderman Gatsas was alluding to earlier and I have a grave concern about lack of information. Members of this Board consistently talk about lack of information. Not just on this project but on other projects. People have worked extremely hard to make this project work and we are about to take a vote on a \$27.5 million bond and we were not provided information but for a question from an Alderman. I don't think that is appropriate.

Mayor Baines responded two things are going to happen here tonight. First of all, the TRC issue was supposed to be discussed during the presentation. The Finance Officer at the end of the discussion is scheduled to do an analysis of all the financial aspects of the situation including what has been happening in terms of looking at the assessed value related to the hotel and the retail development. That is still being studied by everybody involved in the project including the Assessor. Also we are going to discuss every aspect related to the financial situation that we are talking about this evening. Kevin, I don't know if you want to add anything to that but that is another phase of what is going to be discussed this evening.

Alderman Guinta stated well I prefer to ask you, your Honor at what point was this going to be discussed. It is 9:30 PM. Alderman Gatsas asked the question about 9 PM. This is a legitimate concern. I want to have a healthy

discussion or dialogue about it because again we are being asked to vote on behalf of our constituents. We are peppered with questions from constituents and on a number of occasions we are asked to educate the public and we can't educate the public on a project if we don't have all the information and I think it is fair for the voting members of this Board to have the information. I remember a conversation that we had that said Alderman Guinta you are going to be the most informed Alderman. This is in your ward and you are going to be the most informed Alderman. It is downtown and it is affecting downtown business and I have a concern that I am finding this out half an hour before we are going to vote. I don't think it is right and I think it puts the project in jeopardy.

Mayor Baines responded not it doesn't.

Alderman Guinta replied I think it does.

Mayor Baines stated we can discuss it thoroughly. Two things are going to happen tonight. First of all, we are not taking any final actions tonight because we have made it very clear that we are not going to move forward with any bond issues until all of the financial pieces have been put together. That is very clear. This thing tonight...two things could happen. You could vote or table or whatever. It needs to be introduced tonight. The issue that you are talking about has been worked on diligently in accordance with the agreement and in consultation with the City Solicitor's Office. It was handled in concert with them and with his advice and they were working through that issue.

Alderman Guinta stated I would agree.

Mayor Baines stated I would like Kevin to add a little bit to this discussion as well.

Mr. Kevin Clougherty stated as the Mayor has said and as we said with the school project and with Verizon we are not going to ask this Board to take votes until it has all of the information necessary at the final level. The reason that the bond is being introduced tonight...remember this is a complicated project with a lot of moving pieces that is bouncing up against a very tight time schedule. If the bonds aren't and we have had this discussion before, under our Charter and under our rules bond resolutions have to be introduced at a regular meeting of the Board of Mayor and Aldermen. They can't be introduced at a special meeting. It has to be a regular meeting. I will remind the Board that tonight's regular meeting is the first regular meeting and only regular meeting that I am aware of that

we are going to have in June. The July meeting is being pushed off for some period of time. If we don't introduce the resolution for the bond tonight, the chance to take action may be delayed as much as 30 to 45 days. That starts to cause some serious scheduling problems potentially down the road. The reason that we are introducing the resolution tonight and that is all we are doing is introducing the resolution at its first pass is so that we can keep on schedule and deal with all of these issues as we are moving forward. As Tom Clark mentioned, we have a responsibility and I think Tom and I share that that as we move forward we are not going to try to get a vote here. Everything has to be accomplished before we are going to come back to this Board and ask for a final vote. In the meantime we have to be sensitive to the MOU and to all of the things that have been put in there including the spirit and the intent so that we are not hampering the progress that the developers are trying to make on several different fronts. I think it is important to understand why the issue is being brought before you tonight. I think it is important to understand that before any final vote is taken all of these things are going to have to be cleared certainly and there is no intent to try and push in something here on an expeditious nature that is not disclosed or not fully discussed as we have all the information and as we have all of the details consistent with what the City has agreed to in the MOU.

Alderman Guinta stated Kevin I understand why we are taking this vote tonight and I think we should take this vote tonight. I still am very much in favor of the project. I think it is an economic development project, it is \$100 million, it is going to be a wonderful thing for the City. I have no objection to taking the vote tonight and I completely understand why we are looking to bond this project this evening. We have known for about a month that we are going to take this vote tonight and on May 14 staff and I presume the Mayor knew that we didn't receive the payment. My issue is with the payment and how that issue affects the information that this Board has when we are bonding and when we are taking votes on bonding. Your response to that is well it is not a final action. Well I will submit that it is not the decision of the Mayor or staff to determine what we need to use as a litmus test in our own voting. I vote...I don't look at it and say well it is not the final vote so I can keep pushing the project. I want to make sure that every vote I take is based on 100% of the information and accurate information and I deserve that as an elected official in the City and that is what I am pointing to. There have been several times on several other projects that this has happened and we get into this scenario. All I am asking is that you provide what all of the Aldermen deserve and that is information. We are all working very hard, very diligently to try to get this project moving. I don't think it is fair to the developers. I really don't

because there is a lot of concern on this Board right now because of this particular issue. At least it could have been discussed privately. If you didn't want to discuss it publicly we could have talked about it privately.

Mayor Baines stated I have no concerns about discussing it at all. I was advised in working with Randy and others on this project that this was going through a normal procedure to work through the issue. That is what was described to me.

Alderman Guinta asked what is the problem with letting us know what is going on.

Mayor Baines answered that is fine. I appreciate that and I respect that. We are not here to tell you tonight even that we have finished in my view the issue on assessed value. The assessed value is still being worked upon. We are not here to verify that this evening.

Alderman Guinta stated but we are getting that information. That is my point. We are getting some information but not other information.

Mayor Baines responded the retail scope of this project has changed from the last time we presented it. We are presenting it to you tonight. The Assessor's Office has been working on looking to see if it has the value that was anticipated. That has not been finalized yet. We are not here to verify those numbers with you at all tonight. The same thing with the hotel. All of these things are coming together. We are not here to certify any of those numbers with you this evening. Beyond that there are key people involved in this project who are working to resolve the issue of the site right now.

Alderman Guinta asked can we get a copy of the correspondence that has been sent to TRC.

Mr. Sherman answered absolutely and I will take full responsibility, Alderman, for not copying the Aldermen on it.

Alderman Guinta stated I am not looking to point a finger at staff here. I think it is the responsibility of the person who is heading this project to let his colleagues know and I am asking you to do that. I am not asking staff to do it. I am asking you to do it and I would appreciate it as a member of the Board.

Mayor Baines responded again the expectation tonight was to have a thorough discussion of all financial aspects of this project.

Alderman O'Neil stated I think Kevin's comments were very important. We can only lay a bond resolution on the table at a regular meeting of the Board of Aldermen. This is our only regular meeting in the month of June. Any other time we meet as a group is in Special Board of Mayor and Aldermen meetings and if we follow tradition I agree with Kevin. The first meeting scheduled for the first Tuesday in July is going to be pushed out to make it convenient for the Mayor and Aldermen with their vacations this summer. Let's not penalize the developer for our internal communication problems. We have them. We need to correct them. Let's stop trying to find fault with this project and remember all that is good with it. We have a piece of property that currently pays no property taxes. It has some hazardous conditions that will be addressed during this development. We create new hotel space in this City. New retail space in this City. Much needed residential units and I agree with Alderman Smith that a very important item is over \$4 million in improvements to Gill Stadium that are needed today. It doesn't have anything to do with minor league baseball. Those improvements are needed. Gill Stadium is in very, very tough shape. It is an embarrassment right now to the City. Finally, with minor league baseball coming to the City we continue the momentum of the civic center in making Manchester a destination place. Finally, this project is tax positive. Randy, I just want to review one thing with you that was brought out. TRC upon approval in November of last year made a payment within five days?

Mr. Sherman responded I am trying to think. I know I pulled all of the information out for Alderman Gatsas. What I recall is that we received the check on the Monday after the vote or it got deposited the Monday after vote.

Alderman O'Neil stated the only reason there has been a delay in this payment is the location has changed and the location has changed because of working with the utility and to meet the needs of all involved the Brown Avenue site is probably the better site to meet all of those needs. Correct?

Mr. Sherman answered I think the Brown Avenue site is ideal for this and it allows us actually to bring in two units rather than one.

Alderman O'Neil stated I have no doubt that TRC is going to be part of this project and will get this issued addressed.

Alderman Lopez stated I think most of my questions have been answered except for one. I just want to make sure that I have it clear in my mind that

no matter what happens, let's say the power plant goes away, Kevin or Randy do we still have to have before the final vote the \$40 million in assessed valuation?

Mr. Sherman responded the \$40 million in valuation has to be certified by the Assessors.

Alderman Lopez asked before the final vote.

Mr. Sherman answered yes before the final vote.

Alderman Lopez stated I think that we are going to have to do some homework as far as making sure that the criteria is met on all of the MOU's before the final vote is taken so that those questions that we have tonight...if the power plant just goes away then where is the other \$6 million that we will need.

Alderman Shea stated we are talking about a preliminary vote this evening. When do you anticipate in order for the project to really get underway a final vote to be taken? 30 days? 45 days? 15 days? 18 days? 25 days?

Mr. Sherman responded I think it will definitely be this month. Keep in mind that what we still have to do...I think you are certainly right. We certainly need to resolve the TRC issue...

Alderman Shea interjected so within 30 days.

Mr. Sherman replied by the end of the month.

Alderman Gatsas stated before I get into my rhetorical state let me ask some more questions. Is there anything else that is in default in the MOU that we should know about?

Mr. Sherman responded any time that the agreements have differed from the MOU it has been included in the summaries to let you know that there has been a slight change from the MOU. At this time there are no other defaults that I am aware of. The only one that I will bring to your attention is that the hotel was supposed to have started by June 30. Obviously we are not there. We have gone back through the agreements. We have identified those certain dates that we have and we are looking at those at this point to determine whether we actually need to come back and make an amendment to those agreements or not.

Alderman Gatsas stated the MOU from my understanding on the hotel didn't you...weren't you supposed to have a letter of understanding by June 1.

Mr. Sherman responded I believe it was construction by June 30. I can tell you at this point they haven't even signed a lease yet so obviously you are not going to have construction by June 30. The leases are sub-leases from the land developer to the tenants. We have received the hotel lease and it is currently being reviewed to make sure that it doesn't contradict anything in the master lease.

Alderman Gatsas asked when were you preparing to tell us about that.

Mr. Sherman replied we again as I have mentioned are reviewing those dates at this point. We have Bond Council going through and verifying...every time we bring one of these documents through he is crosschecking and making sure that we have all of those issues. Again, it would certainly be before the final vote.

Alderman Gatsas asked, Mr. Jabjiniak, is the park and ride garage in any way part of the contingency of the retail space.

Mr. Jabjiniak answered if I understand the question the answer is no.

Alderman Gatsas asked then why was there such a long deliberation of thinking of what my question was.

Mr. Jabjiniak answered I was making sure I understood it.

Alderman Gatsas asked so there has been no agreement or understanding that you have made with the developer about the park and ride.

Mayor Baines answered that is correct.

Mr. Jabjiniak stated there is nothing formalized yet. They are in discussions. We have involved everyone from Southern NH Regional Planning to the state to the Highway Department in trying to coordinate that this is still a viable alternative for us to include it with the project. That is why they designed it and spent money to design it and include it in the project.

Alderman Gatsas asked but none of that has been in discussions with the developer for added parking.

Mr. Jabjiniak answered it has all been with the developer right on board. These consultants have been right with us sometimes leading the charge.

Alderman Gatsas asked so the first mention of a park and ride to this Board was tonight.

Mr. Jabjiniak answered no.

Mayor Baines stated that has already been part of the discussion.

Alderman Gatsas responded no. I have a letter and if you want I can dig it out but the letter that I have the recommendation from this Board...excuse me not this Board but I believe Highway and Mr. Jabjiniak was to take a look at the site at WMUR that abuts Granite Street. That was the discussion for the park and ride when the baseball stadium came in. I can produce a copy of that letter if you would like but that is for a different discussion. You are sitting before us tonight Randy and now you tell us that construction on \$9 million of the valuations is not going to start on June 30. The peak power plant is \$6 million. So almost 50% of this deal was in the clouds somewhere and we haven't been made aware that there is a problem. I don't think that is fair to the developers.

Mr. Sherman replied I think that is a mischaracterization of what the situation is. The hotel cannot move forward until the City approves the sub lease. We would never have led this Board to believe that there was going to be assessed valuation complete and on the books before we issued the bonds. We have always talked about the fact that the assessed valuation of the projects moving forward was going to be there. Again, that is why we have that letter of credit in place so again if they came in and said the hotel is going to be there whether it is in the ground June 30 or they get in the ground on August 1 we are still looking at the same assessed valuation. We are still looking at the same letter of credit to protect us against whether that project actually meets completion or not.

Alderman Gatsas stated but that is by your choice and not the understanding of this Board. I know that the public is watching this and they are going to read about it and you have come to us tonight and you have asked us to make a decision on a project without telling us that there was a forfeiture of a \$100,000 check.

Mr. Sherman responded at this point we do not have a forfeiture of a \$100,000 check...

Alderman Gatsas interjected can I finish please. That wasn't a question.

Mayor Baines stated well certainly he would like to respond since he has been overseeing this aspect of the financials. Would you respond to the issue of the default, Mr. Sherman?

Mr. Sherman stated I do not believe at this point that we have a forfeiture of a \$100,000 check. It has not been received by the City. The agreement has a process that has to be followed. Until that process...

Alderman Gatsas asked can I see that letter please that Mr. Sherman sent out.

Mayor Baines asked could you let Mr. Sherman finish please.

Alderman Gatsas answered may I see a copy of the demand letter. Mr. Sherman sent it out, not the City Solicitor.

Mr. Sherman stated Alderman Guinta already asked for it. We can provide that.

Alderman Gatsas asked can you provide it now to us.

Mayor Baines stated Randy could you please finish your statement and Alderman Gatsas please allow him to finish his statement.

Mr. Sherman stated I am not sure I brought it up here with me. If you want to take a recess I can certainly go down and get it.

Alderman Gatsas stated that would be my choice, your Honor. For me to just pull something out of the sky about asking whether there was another deposit that was due to this City...the taxpayers this City your Honor...we are grappling with a budget and we aren't even told that \$100,000 that is due this City right now...we aren't even told that it was due on the 14th of May and we haven't received it yet. Yet people expect us to vote on this project. I think that is unreasonable.

Mayor Baines stated first of all we are not expecting you to vote.

Mr. Sherman stated I don't have it with me. I can run downstairs and get it.

Mayor Baines called for a five-minute recess.

Mayor Baines called the meeting back to order.

Mayor Baines stated I have been trying to continue conversations with the City Solicitor and the Finance Officer and Mr. Fitzpatrick is involved in the project as well as Mr. Sanborn. There was no intentional effort to have any kind of miscommunication on this issue. We were advised by the City Solicitor and the Finance people that there was a 30-day window for this issue to be resolved. We fully expected it to be resolved. We are going to talk about how it is going to be resolved this evening. I want to apologize about this feeling about miscommunication. There was absolutely no intent to do that. It was clearly the advice that I received that there was a 30-day window and this was the agreement and they had 30 days to resolve the issue. We fully expect to resolve the issue. We apologize for that miscommunication. We are going to insure that we tighten up on that issue but that was the advice that we received. Secondly, we are not asking for any votes this evening. Again, we still have to do the financial analysis. We expect it to be done in a very short period of time related to the assessed value, related to the hotel, the retail and the power plant. It is a very, very complicated project as everybody knows with a lot of different pieces to this puzzle if you will. There are a lot of different people involved in it and they may have added to that as well. Again, I apologize for that. Let's try to move forward to see exactly where we are at with this issue. First, I would like to ask Mr. Kurt Sanborn to...

Alderman Guinta interjected I asked for a letter.

Mayor Baines stated we are going to do that but we are going to go through just a little bit of an explanation of where we are at with the process.

Mr. Kurt Sanborn stated as the Board knows this development group has consistently put their money where their mouth is and whenever we have been asked to do anything we feel that we have achieved that from personal guarantees to paying off \$700,000 or almost \$800,000 in debt on a site. The issue that we have with TRC is I don't think a complicated one. The MOU that they have, which is a separate MOU outside the master development agreement for the site specifically states that they need a site. I think Mr. Fitzpatrick is now here and I think he will be very open in answering your question, Alderman Gatsas. It is really simple. Once he knows he has the site, you get the payment. He right now has no site. We found out that the infrastructure at the Singer Family Park site, the transmission lines, are inadequate to do what he needed to do on that site. He subsequently took the time and spent the money to go and evaluate

other sites in the City. He has successfully identified those and tonight our expectation was that we would go forward in allowing him to use one of two sites that he selected, therefore, allowing him to have a solid site and issue the payment. It is difficult for him from a corporation standpoint, I think everybody can understand, to issue a payment when he has nothing. He has already issued a \$50,000 payment. I think he is more than willing to issue the other \$100,000 but he needs a site.

Mr. Fitzpatrick stated just to go back even prior to the execution of the development agreement, it became clear even in our diligence prior to executing the November 14 development agreement that...not that you couldn't construct power generation on that site but it wouldn't be material enough because of the limitations on that line. Now recognizing that we were about to execute a development agreement at a commitment of an annual tax rate of over \$500,000 a year we advised all of the parties here and obviously Mr. Sherman that the site, given the development agreement we were about to enter into, wasn't going to cut it from a materiality point of view and we were interested in other alternatives. The City has been very cooperative in helping us identify other alternatives that Kurt Sanborn has referenced that we have spent a fair amount of time and money on examining these last couple of months. The fact that the Singer Park site isn't acceptable isn't a new issue because really we have been spending the last three or four months developing what I think now is a pretty exciting alternative at the Brown Avenue facility. Frankly, we have been on a non-legal path these last three or four months but as to the legal issue the only difference I have here with some of the discussion earlier tonight is that we don't believe we are in default. We think that the agreement is effective when a site has been established and we have control of the site. We are still committed to doing the project but as a practical matter as Mr. Sherman knows in scoping the development agreement, we were willing to put some earnest money down to start the process but then start the process of permitting, marketing the power and giving the feasibility to the site that it doesn't have today. You can't even make applications for a transmission interconnection in New England without an affidavit showing that you have control of the site. Likewise for submitting permits to the various regulatory agencies. Our legal position even though I think legal should be secondary to the practical solution that is in front of us, our legal position is that we are not in default. We are willing to embrace the Brown Avenue site and make our development agreement effective and six months forward meet all our further payment obligations under the agreement.

Mayor Baines stated one further thing and then we will go back to the discussion, part of the discussion has involved other land adjacent to that

area and that was explored for a period of time and then moved to the Brown Avenue or concurrently those conversations were ongoing.

Mr. Fitzpatrick responded in fairness to both the City and ourselves, a fair amount of time was consumed on three or four alternate sites. Each of the times we had a milestone with the site we had to go back and reconvene with PSNH and Keyspan as to the gas and electric interconnections for the site. You can do smaller power generation at the original site but it won't be material enough to get you the tax ratio that was originally contemplated in the development agreement. That has really been the issue that has been driving this.

Alderman Gatsas asked, Mr. Fitzpatrick can you tell me a little bit about TRC Power LLC. Who you are and where you are from and what other projects you have done?

Mr. Fitzpatrick answered TRC Power is a joint venture company with TRC Environmental Corporation, which is a publicly traded company. It has about 3,000 employees and its primary business has been permitting and licensing power plants. The company has prior experience in permitting the very facilities that we contemplate putting at the Brown Avenue site and on a personal basis I have had permitting and development and execution on some fairly good sized facilities in Massachusetts that went to financial close here in 1999 into 2000.

Alderman Gatsas asked did I understand you correctly saying that you have been talking to the Mayor and Mr. Sherman for the past three months about alternate sites.

Mr. Fitzpatrick answered primarily Mr. Sherman and the department heads who had some jurisdiction over those sites.

Alderman Gatsas asked so for three months we have known that TRC was looking for an alternate site. When was the first time that Mr. Dillon...is Mr. Dillon here? When was the first time that Mr. Dillon was told about the Brown Avenue site?

Mayor Baines responded that was a very recent development.

Mr. Sherman stated I think it might have been as recently as last week that we inquired about that site.

Alderman Gatsas stated he needs to get FAA approval because that is under the FAA domain. Mr. Dillon, when were you notified about the Brown Avenue site being a selection site?

Mr. Kevin Dillon answered I was contacted about the Airport's willingness to sit down and talk about the sale of the site that we picked up last year. We have not come to any agreement.

Alderman Gatsas asked when were you notified or when were you asked.

Mr. Dillon answered I was asked probably about a week or so ago.

Alderman Gatsas asked and you still need to get FAA approval.

Mr. Dillon answered there is no doubt that there is still an Airport parking need. We have to address that need that we were trying to address on that site. Certainly the FAA is a partner on this. The FAA would have to approve the transfer as would the Singer family. Part of the provisions when we purchased that property was to give the Singer family the first right of refusal on that piece of property. There were also some restrictive covenants as to future uses on that property so that needs to be cleared away but probably the biggest issue for the Airport is a cost issue. We need to get back what we paid for the property as well as a return on the debt service that we paid last year as well as addressing our parking needs. The piece of property that we would address this need on at the Airport comes with a premium in terms of providing access. So all of that needs to be worked out in terms of a future acquisition by the developer of the property.

Alderman Gatsas stated Mr. Fitzpatrick seeing that you are a publicly traded company it is shareholder's money that I assume you put at risk on the \$50,000 that you gave us in November.

Mr. Fitzpatrick answered yes.

Alderman Gatsas asked do you normally go around just putting \$50,000 at risk of shareholder's money without being aware of whether you can put a power plant there or not.

Mr. Fitzpatrick answered keep in mind that we corresponded with the City when we transmitted the \$50,000 and identified some of the issues that we had already seen at the Singer Park site and also confirmed that we had discussions with the City and that the City was anxious to find suitable alternatives to that site. In that regard, we made a payment of \$50,000,

which was our good faith effort to work with the City to come up with good alternatives to what we thought was a less than adequate site at Singer Park.

Alderman Gatsas stated so my understanding from what you just said is that in November when you parted with the shareholder's money you told the City that you had questions and reservations about that site.

Mr. Fitzpatrick replied reservations about the materiality of that site getting the City the tax revenue that it expected in the development agreement. Now having said that we understand the type of footprint that these facilities require, which by power plant standards is not substantial and with eyes wide open we expected to find an alternative site and we are about, I think, on the threshold of finding that site and I think it is one that promises the type of tax revenue that the City had expected in the first instance.

Alderman Gatsas asked but you did all of that communication in writing.

Mr. Fitzpatrick answered yes. Certainly on November 14 when we transmitted the check we had that correspondence. I would say as a practical matter since then it has been non-written. We have had essentially a working relationship to try to come up with an alternative.

Alderman Gatsas stated your Honor I would assume that the Finance Department notified you on November 14 that there could have been a problem.

Mayor Baines replied no. What was ongoing up until fairly recently was that that site was still being explored. We entered into discussions with Gilford Rail about their participation in the project. There was a combination of that site and the railway site that was in close proximity of it. There has been a whole series of things and the Brown Avenue site emerged fairly recently. It has been an ongoing conversation.

Mr. Fitzpatrick stated on that issue it was approximately two months ago that there was one last effort to revive the Singer Park site with sufficient transmission that would make it a material site. That is where we actually spent a fair amount of time with Gilford looking at both above ground and underground routes that would let us leave the site with adequate transmission that would make that original site the productive site we all wanted in the first instance. We have been through several of these iterations here in the last three of four months.

Alderman Gatsas asked in your professional opinion and you have done a lot of these power plants, do you think you could have consummated a transaction in eight days.

Mr. Fitzpatrick answered I am not sure what you mean about eight days.

Alderman Gatsas responded from today...eight days from today do you think in your professional opinion that you were willing to put more shareholder money at risk to consummate a deal on a new location and site.

Mr. Fitzpatrick stated I think you are asking us whether we have any...feel required to make that second payment under the timetable of the first agreement. The answer is no. In other words, we are willing to abide by the original agreement, which was that when we have control of the site we will have a period of six months to begin the permitting process, the marketing of the power and all of the ingredients that are necessary to make this think advantageous. During that process, and we are committed to this project, we will make that second payment under that agreement.

Alderman Gatsas stated let me try to ask the question a little clearer for my colleagues on this Board. In eight days should this question have not arisen tonight, in eight days we would have been asked to take a final vote on a \$27 million bonding project with the understanding that you were putting a power plant at Singer Park or somewhere. We didn't even know the somewhere. We were assuming that is where it was going because nobody told us that you were concerned and didn't think it could happen there and were looking at three alternative sites. My question to you is because obviously right now we have eight days to make a decision because probably this is going to go on the table and it is going to surface again. In your professional opinion do you think you can make a decision on a site in eight days and give \$100,000 to the City.

Mr. Fitzpatrick answered I doubt it very much.

Mayor Baines stated the response to that is that we were not going to bring it for a vote until all of the financial parameters were in place and that was not going to happen. If it didn't happen in eight days it would happen when we verified the value of the properties.

Mr. Sherman responded I agree. I think that answers the question that Alderman Gatsas asked me earlier that I couldn't answer. As you can see from the letter that I sent two weeks ago, this is the issue. We have a different legal interpretation than Mr. Fitzpatrick has. We don't believe

that it requires that you have access to that property for six months before you make that payment. It was six months from the execution date. As you can see in the letter, both myself and the Solicitor's Office believe that is a default under the agreement.

Alderman Gatsas stated I have one final question your Honor and either Mr. Sherman or yourself can answer it. Knowing the facts that we have before us now, knowing that I might have asked this question would you still have brought this project forward tonight for consideration?

Mayor Baines responded the answer is we were going to bring this project forward and at the end of the day probably ask to table like we did with the school project. We did the same thing with the school project so the motion could be introduced tonight unless all of the questions could be answered or the financing issue.

Alderman Shea asked can Kevin Dillon come forward again please.

Mayor Baines answered I think he disappeared. Alderman DeVries do you have a question for someone else and then we can come back to Alderman Shea?

Alderman DeVries stated I am just looking for clarification because there may be some confusion on the Board. The \$6 million that is included in the tax revenues, which is part of this agreement in front of us tonight that we are looking to pass so that it can hold over for our July meeting, that \$6 million is not coming from those two peak power plants that we are referencing on that particular Brown Avenue property. There is an additional peak power plant that is going to push that revenue is that correct?

Mr. Sherman answered yes. There is a smaller unit and I believe it is 20 megawatts that we are looking to site on the EPD property. The FAA issue is not of issue yet.

Alderman DeVries asked and this particular project that we are spending an awful lot of time on here tonight is going to be above and beyond the initial revenues that were recognized by this development project right. It is another \$25 million of tax base that is coming into the City above anything that has been identified with the baseball proposal correct?

Mr. Sherman answered that is correct. It is outside of that \$80 million that we are looking at.

Alderman DeVries stated and it is also going to be a contract onto itself and not tied to the contract that we are going through tonight.

Mr. Sherman responded yes.

Alderman Shea asked, Mr. Dillon, you made reference to the fact that a lot of difficulties have to be overcome before the gentleman here from TRC is able to place any kind of facility on the property. Will you give us a guesstimate as far as the timeframe that would be involved in your judgement?

Mr. Dillon answered it really comes down to a matter of money quite frankly. If the Airport is being kept whole with its investment that it made last year, which was a \$2 million acquisition price, as well as being compensated for the amount of debt service for having had to carry the property for the past year, as well as if we can cover the expense we would incur to develop an on Airport site to provide the same level of parking, this could happen very, very quickly but those are the things that the Airport and the FAA would be looking for to make sure. The one piece that we don't have a fairly solid cost for is the premium we would incur to develop an on Airport site to provide that parking. We do have the property on the Airport. We do not have the access to the property so we are talking about developing infrastructure that today currently exists on the Brown Avenue site that doesn't exist on the Airport site. We hope that within the next couple of weeks we can develop what the engineering costs will be so that we can sit down and have a conversation with the developer to see their interest in the site based upon the price we would need to get.

Alderman Shea stated you also mentioned that the Singer family is involved too. Are they part of this or have they been part of any kind of discussion?

Mr. Dillon answered I have not talked to the Singer family but the agreement we reached when we originally bought the site is that if the Airport were to sell it they would have the first right of refusal on the price that we would be asking for, as well as the developer would need to understand that there are some protective covenants on that site that restrict certain uses – uses typically that would cause annoyance to hotel guests and how that would be dealt with in this context would then at that point be between the developer and the Singer family.

Alderman Shea stated so my understanding from what you have said is that the cost of this property or other costs would be on the developer side. Is that correct?

Mr. Dillon responded it is my understanding that it would be the developer that would be purchasing the property.

Alderman Shea asked does that make sense, Randy. In other words, Mr. Fitzpatrick or his company would incur all of the expenses involved in this situation?

Mr. Sherman answered yes.

Mayor Baines stated and again that part of the project is above and beyond the debt service issue.

Alderman Garrity stated I have a couple of questions. Can you give me a date of when you were contacted about that site?

Mr. Dillon answered the Tuesday after Memorial Day.

Alderman Garrity asked so that would be May 26 or 28 or something like that.

Mr. Dillon answered yes.

Alderman Garrity asked when you went to get approval for the parking lot down there off of Brown Avenue did you have to go through the Planning Board and the ZBA to get it approved.

Mr. Dillon answered no. We had not moved forward yet with the parking operations. That property is zoned though. It is my understanding that it is already zoned and allowed parking on that site.

Alderman Garrity stated I just want to make a public statement on this. I find it offensive that there is talk of putting a power plant in that location and there is not the common courtesy to contact each Alderman that has to deal with those issues. I will tell you right now my constituents don't want something like that there. I am offended that nobody had the common decency to give me a call and I am finding it out tonight. It is dirty pool and I don't like it.

Alderman Wihby asked, Kevin, are we talking about them taking the whole site or just part of the site.

Mr. Dillon answered from my perspective they would have to purchase the whole site. To be left with just two acres would not be useful to the Airport.

Alderman Wihby asked well it was going to be a parking lot and now it is a road that goes to a building so won't there be a lot less traffic in that area.

Mr. Dillon answered really one of the reasons why we went for the parking lot in that location was to try to keep traffic off of Brown Avenue so that traffic is going to come on Brown Avenue at this point whether or not the parking is there or the parking is on the Airport.

Alderman Wihby asked because they are going to continue coming to the Airport you mean.

Mr. Dillon answered yes but again the traffic will still come to at least that point. Whether or not the parking is there or not the traffic is coming to that point.

Alderman Wihby asked and you are talking over \$2 million.

Mr. Dillon answered right now our initial seat of the pants estimate for the engineering piece is at least \$500,000 so you are talking at this point probably in the area of about \$2.6 million.

Alderman Wihby asked, Mr. Fitzpatrick, is that a possibility that you are going to...is that a probability that you are looking at that.

Mr. Fitzpatrick answered we are prepared to purchase the six acres and I think there was reference earlier to another use on the site that we could co-exist with so four acres would be what we would actually consume for the project.

Alderman Wihby asked Randy I guess what I heard from Mr. Fitzpatrick was that it might take six months form start to finish. Let's use his timetable. Once he gets the site he thinks he has six months before he is going to give you any money so you are not going to get any money for six months.

Mr. Sherman answered that is what it looks like.

Alderman Wihby asked that being so and you are asking us to maybe table it now but in six weeks or four weeks or whenever the next meeting is going to be called to come back and okay it...

Mr. Sherman interjected that is not what I would recommend.

Alderman Wihby stated that is where I see us being. If we don't settle this and have him agree before we come back to vote then all of the pieces of the puzzle aren't in place.

Mr. Sherman answered keep in mind two things. The smaller unit that we are talking about is not going on the Airport site. That would go on the EPD site. That is the \$6 million. The way this entire agreement...

Alderman Wihby interjected can we put it on the EPD site and get access.

Mr. Sherman responded yes you can get that and the lease payments would go to EPD so it would benefit both parties. The way this entire deal was structured it was to get that \$40 million. Now they have identified this \$6 million. Again, we structured it that we would have that letter of credit in place in case any of that fell through. If Joe sat here tonight and said yes it is a go and he gets up to Concord and can't get a license or whatever, that \$6 million goes away. Now we turn to the left here and Mr. Sanborn has to come up with more valuation to fill that gap or we start calling on the letter of credit. I think the message tonight is don't count on that \$6 million. We come back for a second vote he needs to have another \$6 million. Now we don't have in those numbers the residential numbers. I think the issue with why those numbers aren't on there at this point is again the site. They need to come to a conclusion on where that site is going to be. If they can sit down with the Assessors next week and get that valuation thrown into the pie this isn't an issue except for the fact that again the opinion of the City is we are clearly going to have a default situation in 14 days here or whatever it is. Again, at that point what does the Board want to do? Do you want to terminate that agreement or do you want to let that slide, amend it and deal with the issue that Mr. Fitzpatrick has brought up? Again, I don't think that not voting tonight is really the right thing to do. The issue is do we get to have that valuation by the time we come around to that last vote? We still have to get the third parties due diligence in place. We still have to get the Assessors to sign off on that valuation price.

Alderman Wihby asked when you say that not voting tonight is not the right thing to do you are not saying to vote for it you are just saying to put it on the table.

Mr. Sherman answered no. Again as Kevin said and I think the Mayor touched on it as well, it takes two votes and this vote here is just a process to move it forward. Your second vote is obviously your key vote. If you don't take a vote tonight what that means is you have to come back twice on this issue.

Alderman Wihby responded right but taking a vote and putting it on the table...can't you do that. You can take a vote to put it on the table. Isn't that a vote?

Mr. Sherman stated you would take a vote and you would get a report out of the Finance Committee and you would lay it on the table, correct. What I am saying is don't table it because then it takes two more meetings to get it done rather than one meeting. Again, what we have heard here tonight is we really need to pull that \$6 million off, which is different than where we were yesterday and Mr. Sanborn now needs to come back and fill that hole with the assessed valuation and get the Assessors to sign off on different numbers. Obviously then we need to deal with the TRC Power issue going forward as a totally separate issue.

Mayor Baines stated the clarification I just received from the City Solicitor is that we would recommend that you vote it out of Finance, put it into the regular Board and then table it.

Alderman Gatsas replied you told me one night about doing my homework. The homework should have been done on this project. We shouldn't vote this out because it is irresponsible. This Board should table this right now in Finance until we get the answers to go forward with the project and I will make that motion now.

Alderman Garrity duly seconded the motion.

Mayor Baines called on Alderman Guinta.

Alderman Garrity stated I thought we couldn't debate the motion to table.

Mayor Baines stated I recognized Alderman Guinta to speak and I am going to allow him to speak.

Alderman Garrity stated I am just trying to follow the rules of the Board that you established.

Mayor Baines responded no Alderman Guinta wanted to speak. He had his hand up and I was about to recognize him and I indicated that I was going to recognize him.

Alderman Guinta stated I have two points to make or two questions. The first one, Kurt, where would you expect to get the additional valuation?

Mr. Sanborn responded based upon the agreement that we signed, Alderman, we obviously know we have assessed value on the site. We didn't bring that all forward tonight. The reason why is we know we are doing residential on the site. We know we are doing it but for the aesthetics of the site and realizing that the retail has been so successful our feeling was let the retail play out, let's maximize what is the best way to get the tax base into the City. I could have very easily tonight come in here and said I am putting residential on top of the retail. I don't know if necessarily that is the best site aesthetically for the City or the best site aesthetically for this project. I can tell you we were doing it. I don't know where it is going to go yet.

Alderman Guinta asked within the site you mean.

Mr. Sanborn answered yes within the site. We are going to have two towers and we know that they are about \$25 million to construct the two of them. It certainly is going to get an assessed value over \$6 million. If I knew that this was going to happen tonight I probably would have gone forward and asked the Assessors to work with me to come to an assessed value on that and move it forward. To answer your question there is also opportunities for more retail based upon how we are working with the rail on the site and there are all kinds of different ways to get to that dollar figure. The figure that we put in there was simply a small 20 megawatt facility on a City held piece of property, not the future expansion. The way I looked at it from a development standpoint was if we can put the 20 in it works out well for everybody. If we can't I certainly have the assessed value to get it done. More importantly, the bigger picture is it really opens up the window for whatever Joe Fitzpatrick does on his timeframe with the City. That all becomes additional tax base for the City that doesn't necessarily apply to this project.

Alderman Guinta asked, Randy, can you explain to the Board the process if this vote...if this doesn't get out of Finance today.

Mr. Sherman answered obviously it will have to come back to the Finance Committee and then you will take a vote and send it over and then lay it on the table. The point that I am trying to make is that then would require two meetings and not to say that...

Alderman Guinta interjected what is the problem with that.

Mr. Sherman stated just time. It just has to lay over again. You are already talking about pushing July's regular Board meeting back so Aldermen can take their vacations and whatnot. Once you start getting into the timetable you start missing those construction dates and if we can pull it off without having a five day delay later on down the line I think that is just beneficial. If you think about we come back and answer all of the questions and we get a vote and all we are going to do at that point is lay it over and then come back and confirm that vote. You have just lost that five-day period that we had.

Alderman Guinta stated I think when you weigh five days versus all of the new information that came out it makes sense to air on the side of caution. Is there a problem with this Board airing on the side of caution given what happened tonight?

Mr. Sherman answered that certainly is your call to do. My recommendation would be to take that vote and put it on and deal with it on one night when you have the rest of your information.

Mr. Sanborn stated I just wanted to point out something earlier that Alderman Gatsas had asked about the hotel. We have a sub-lease. It is in the City's hands but based on the requirements in the MOU it has to be approved by the City before they can go forward. They are committed. They are in a sub-lease with us. The private parties have agreed on it and now the City must allow us to go forward with that sub-lease. Because of the timeframes to get that approved that is why they are delayed but they are full speed ahead.

Alderman Gatsas stated Mr. Sanborn this has nothing to do with you. I am furious with City staff sitting there telling us at this point his recommendation when he hasn't been honest with this Board.

Mr. Sanborn responded I understand. I just wanted to clarify that point.

Alderman Gatsas stated totally dishonest with this Board. If I didn't ask the question you would have never brought it up.

Mr. Sherman responded I would like to know where I have been dishonest, Alderman.

Mayor Baines stated I don't think anybody has.

Alderman Gatsas stated I will tell you where you have been dishonest. You didn't tell the Board and you weren't going to until I asked the question.

Mr. Sherman responded I followed the document that the Board approved. I followed the procedures that were in the document. I have never lied to this Board.

Alderman O'Neil stated this project is time sensitive and it is in the best interest of the City of Manchester to vote this out of the Finance Committee tonight to the full Board and then put it on the table. That is the most responsible thing to do this evening. Let's stop playing the games. We have been debating this thing for two and a half hours now. You are either in favor of the project or you are not. It is plain and simple. I am sick of the games going on here this evening. You are either in favor of it or you are not.

Mayor Baines replied I would disagree from this perspective. In all defense of the conversation, there have been some legitimate issues raised. We have addressed them. No one intended to not provide information. I think there was some miscommunication. We talked about it. We thought the agreement was being followed. We apologized for that. We are going to move forward and correct it. I think some legitimate issues have been raised. We are going to flush them out. We are going to make sure that the pieces are put together on this. I think we have the potential of doing exactly what needs to be done to move this project forward.

Alderman Garrity stated Alderman O'Neil you used to be a Ward 5 Alderman. Do you think it is appropriate that they contact the Alderman when a project is being moved in their ward practically or abutting their ward? I think it is just common courtesy and I think it is appropriate.

Alderman O'Neil responded I agree with you, Alderman Garrity. Actually I represented Ward 4. Absolutely there is an issue tonight that there has been a breakdown in communication within City government and I am going to do everything I can to make sure that that is improved moving forward.

There has been a breakdown but I don't believe that is a cause to delay this project.

Alderman Garrity stated I appreciate the comments, Alderman O'Neil but a project with the magnitude of this size, at \$27.5 million, there shouldn't be any mistakes or any communication problems and we should move to table for that reason.

Alderman O'Neil replied I respectfully disagree.

Alderman Wihby stated I am kind of confused, Randy. If we don't do anything today we can't bring it back until July?

Mayor Baines replied that is not true. Mr. Clark?

Mr. Sherman stated if you just table it...

Alderman Wihby interjected no if we didn't do anything. Well, okay if there is a motion to table so if we table it...

Mr. Sherman interjected you can have a Finance Committee meeting whenever you have to schedule it. It no longer has to be a regularly scheduled meeting.

Solicitor Clark stated that is correct. There is no timeframe restrictions on regular meetings at this point. The Finance Committee can be scheduled at any time in the future if it got tabled here and reported out to the Board. It then has to lay over for five days after the Board gets its report.

Alderman Wihby asked what is the big deal with five days. If we table this in Finance and met in a week at a special meeting and then a week later met again you are still not going to be ready anyway in two weeks right?

Mr. Sherman responded why wouldn't we be ready in two weeks.

Alderman Wihby asked are you going to be ready to go forward in two weeks.

Mr. Sherman asked on which aspect. We may have the rest of the answers for you next week.

Mr. Sanborn stated to answer your question we are prepared to go forward on Gill Stadium whenever the City authorizes us to go forward. From a

perspective of assessment and what you are looking for if I would have known that this was going to happen I would have come in tonight with the Assessors in hand with the residential ready to go to move this forward.

Alderman Wihby asked assuming we do move this tonight and then table it are you looking to meet again in a week.

Mr. Sherman answered we could possibly meet again in a week. If we can get the Assessors to sign off on the valuation and we have the comfort letter that Alderman Gatsas is looking for on the personal guarantees I don't see why we couldn't ask for the second vote in another week. Then we need to still deal with that agreement but that is now outside of the whole baseball deal.

Mayor Baines stated again we are very close on the assessed value too we believe.

Alderman Lopez stated I just want to clarify something. If I understand Alderman Wihby if we vote to lay this over the five days is an immaterial factor. It just has to lay over for five days. It doesn't mean we have to take the final action on it if we table it but maybe Carol can help us out here. I understand what the Solicitor is saying but don't get hung up on this five days because it could be two weeks or three weeks. Could you clarify that for me?

Alderman Wihby responded I didn't think we were that close. I thought there were so many other things anyway that it didn't matter.

Alderman Lopez stated I just want the hang up with the five days cleared up. This can be tabled for six months as long as we lay it over.

Solicitor Clark stated if you took an action tonight and you reported it out and laid it over at the full Board it would have to lay over for a minimum of five days. It could be longer. You wouldn't table it laying over because it is going to lay over anyway. You can't take any action on it.

Alderman Lopez responded that was my point. The other thing is I would like to get a copy of these minutes tonight as soon as possible so we can review all of the questions that were asked so we don't miss anything in reference to the final vote.

Alderman Guinta stated I just want to make a comment on what Alderman O'Neil said. I don't think it is as black and white as you are either for this

project or you are against it. I am generally in favor of this economic development project but I think it is the responsibility of each and every person to scrutinize each and every step of the project. I think we have that responsibility. There are a number of people who have done a tremendous amount of work and have done a great job trying to move this forward but tonight a lot of information was just provided to us that directly relates to the amount of money valued at that site. I think that we need to think about it. I think the prudent thing to do is to think about it. For the record, I have been in favor of this project...the economic development project but I also have a responsibility to scrutinize each and every step. Whatever we do tonight it doesn't mean we are against the project. It means we are going to scrutinize each and every part of the project and I think that makes sense. I think it should stay in Finance tonight. I think we should take a look at the minutes. I think we should all take a few days to make sure we have our ducks in a row. I think we should give Finance some time to present specific and proper numbers. I don't see a problem with that. I really don't. I would make a motion again...I know other people have made it but I would make a motion at this time to table.

Alderman Garrity duly seconded the motion to table.

A roll call vote was requested. Aldermen Shea, Garrity, Wihby, Gatsas, Guinta, and Osborne voted yea. Aldermen O'Neil, Lopez, DeVries, Smith, Thibault, Forest, Sysyn, and Pinard voted nay. The motion failed.

Mayor Baines stated I would now accept a motion to report this out of the Committee on Finance.

Deputy Clerk Johnson stated we have that motion on the floor. Alderman Forest by Alderman Sysyn.

Mayor Baines called for a vote. Alderman Garrity requested a roll call vote.

Alderman Lopez asked before we vote in reference to Gill Stadium if the developer goes forward before the bond is issued this is at his cost correct.

Mr. Sherman answered right now all of the money that they have already spent on Gill with all of the design work and engineering and if they proceed with any additional work whether it be actual construction or not prior to the authorization of the Bond Resolution would be at their own risk.

Alderman Gatsas stated in deference to my colleague, Alderman At-Large O'Neil, I certainly believe that the project is worthwhile, however, I have heard him several times over the three years that I have been sitting here say that we have a breakdown in communication but we should move forward and fix that. Alderman, at some point being the Chairman of this Board I think it should be your burden to take control of this issue so that your colleagues on this Board are as well versed about projects going forward as you are because I am sure you had to know something about this power plant project and I just think it would be fair as the Chairman of this Board that you would at least lead us down a road of having an understanding of where the staff of this City is taking us.

Alderman O'Neil responded I assure you that moving forward not only on this project but in the general operation of City government the communication between the staff and the departments in the City with the Board of Mayor and Aldermen is going to improve and it will be a priority of mine.

Mayor Baines indicated to the Clerk to proceed with the roll call.

Deputy Clerk Johnson stated we now have the roll call on the motion that the Bond Resolution ought to pass and lay over. Aldermen Smith, Thibault, Forest, Wihby, Sysyn, Pinard, O'Neil, Lopez, Shea, and DeVries voted yea. Aldermen Garrity, Gatsas, Guinta, and Osborne voted nay. The motion carried.

Mayor Baines addressed Item 4 of the agenda:

Resolutions:

“Authorizing the Finance Officer to effect a transfer of Fifty Six Thousand Three Hundred Twenty Dollars and Thirty Four Cents (\$56,320.34) for the 2003 CIP 713903, Municipal Infrastructure Program.”

“Authorizing the Finance Officer to effect a transfer of Eighty Thousand Dollars (\$80,000) for the 2002 CIP 511502 School Site Improvements Program”

“Amending the FY2003 and 2003 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Six thousand Three Hundred Twenty Dollars and Thirty Four Cents

(\$56,320.34) for the FY2003 CIP 713903 Municipal Infrastructure Program.”

“Amending the FY2002 and 2003 Community Improvement Program, authorizing and appropriating funds in the amount of Eighty Thousand Dollars (\$80,000) for the FY2002 CIP 511502 School Site Improvements Program.”

“Amending the FY1997 and 2003 Community Improvement Program, authorizing and appropriating funds in the amount of Ten Thousand Dollars (\$10,000) for the FY2003 CIP 215503 Boys & Girls Program.”

Bond Resolutions:

“Authorizing Bonds, Notes or Lease Purchases in the amount of Four Hundred Fifty Thousand Dollars (\$450,000) for the 2000 CIP 511100, McIntyre Ski Area Rehabilitation Phase III Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of Five Hundred Thousand Dollars (\$500,000) for the 2004 CIP 810404, Revaluation Update Projects.”

“Authorizing Bond, Notes or Lease Purchases in the amount of Two Hundred Seventy Five Thousand Dollars (\$275,000) for the 2004 CIP 711804, Parking Facilities Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of Two Million Dollars (\$2,000,000) for the 2004 CIP 511504, Livingston Pool Completion Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of Two Hundred Seventy Thousand Dollars (\$270,000) for the 2004 CIP 411304, Facility/Equipment Improvements (Station Design) Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of One Million One Hundred Thousand Dollars (\$1,100,000) for the 2004 CIP 511404, Clem Lemire Sports Complex – Memorial High School Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) for the 2004 CIP 511704, Derryfield Country Club Rehabilitation Project.”

Deputy Clerk Johnson requested that the addendum to the Committee on Finance agenda be addressed, which is Item 4(A).

On motion of Alderman Shea, duly seconded by Alderman Garrity, it was voted to dispense with the reading of the Resolutions and Bond Resolutions by title only.

On motion of Alderman Garrity, duly seconded by Alderman Lopez, it was voted that the Resolutions ought to pass and be enrolled and that the Bond Resolutions ought to pass and layover.

Mayor Baines addressed Item 5 of the agenda:

CIP Budget Authorizations:

5.10252	1997 Precourt Park Master Plan
215503	Boys & Girls Program
411403	Cohas Brook Fire Station
511502	School Site Improvements Program
713903	Municipal Infrastructure Program
810802	Revaluation Project Phase II & III

On motion of Alderman Forest, duly seconded by Alderman O'Neil it was voted that the budget authorizations be approved subject to final adoption of related resolutions.

There being no further business, on motion of Alderman Thibault, duly seconded by Alderman Forest, it was voted to adjourn.

A True Record. Attest.

City Clerk