

## COMMITTEE ON FINANCE

**April 11, 2005**

**7:00 PM**

In the absence of the Mayor, Vice-Chairman O'Neil called the meeting to order.

Vice-Chairman O'Neil called for the Pledge of Allegiance, this function being led by Alderman Sysyn.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Roy, Gatsas, Guinta, Sysyn, Osborne, Porter, O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Thibault and Forest

Vice-Chairman O'Neil addressed Item 4 of the agenda:

Report of the Committee on Administration/Information Systems recommending that the proposed agreement between the City of Manchester and Manchester Community Access Media, Inc. (MCAM) be approved with the following recommendations:

- 1) that public access from MCTV be transferred to MCAM, effective July 1, 2005;
- 2) that the Board approve an agreement between the City and MCAM and further authorize the Mayor to execute same on behalf of the City, subject to the review and approval of the City Solicitor;
- 3) that \$350,000 be transferred from MCTV (CIP) to MCAM upon execution of such agreement;
- 4) effective July 1, 2005 transfer of \$120,000 from MCTV's 2006 budget to MCAM (creating a special line item for MCAM); and
- 5) annual payment to be made to MCAM, Inc. on or before October 31<sup>st</sup> out of the first quarter cable company's revenues based on 20% of the previous four (4) quarters ended

June 30<sup>th</sup> of each year that this agreement is in force.

Vice-Chairman O'Neil asked John St. Hilaire and June Craig to come forward.

John St. Hilaire stated I am the Chairman of the Board for MCAM, Inc. To my right is June Craig and to my left is Jim Stewart. June is the Secretary and Jim is the Vice-Chair for MCAM, Inc. Once again I would like to thank everybody for having us and for hearing us one more time on this fantastic issue. For those that didn't hear I am going to spare you any long presentation. We have already been over this. We have the agreement and everybody seems to be straight forward and understands the agreement and what I would like to do is just address how the Board of MCAM came up with this funding, why it came up with the funding and then I can answer any questions that you may have. Basically Public Access Television is what MCAM was brought together for. It was brought together to take over public access television to take it out of the City and bring it into a non-profit organization operated by the public sector. It was done to help eliminate the liabilities that were to the City and to take public access to the venue it actually belongs at, which is a public venue. It is an ongoing...as you are all aware it is an ongoing entity. Public access is happening now. We are not starting something new. We are not coming to you looking for new money. Public access is ongoing. It is Channel 23. It is part of the MCTV family. MCTV is actually PEG access, which is Public, Education and Government. Each one of those taking up one station. Channels 16, 22 and 23 in Manchester. We were asked to put together a budget and to try to put together a non-profit organization, which we did. We already had a budget because they already have the employees and they already have the expenses and so forth so what we did was as a non-profit corporation we put together a complete budget to operate public access television including the two salaries that would come over with public access, the administrative costs, leasing, all of the normal expenses that would hit a normal

business. Everything from electricity, telephones, leasing, the equipment that it needs and so forth. We put together those numbers and we came up with a bottom line. What it costs to actually operate public access as a stand-alone entity. Then we looked at the Comcast cable agreement because that is where the funding for PEG access comes from. Public, Education and Government television are funded out of the cable franchise funds. That is how it was intended to be and that is why PEG access exists. If that funding wasn't there then PEG access wouldn't exist. So we looked at that and we said okay if we are going to fund this we have a volunteer Board of Directors that is going to have to enter into long-term contracts, agreements for equipment and a lot of other things for the lease space and we need to have long-term funding. How can we get long-term funding? Well when we looked at the whole thing the way that PEG access was originally funded was a percentage of the franchise fee went to fund PEG access. That seemed to be the obvious route to go. So what we did was we took the numbers for Comcast that the City receives on a yearly basis and we said this is what it takes, this is what we know it is going to take at a minimum to run public access at the level that it exists today. It is \$234,000. Based on that and based on the revenues from the cable franchise agreement it came out to 1%. So the City receives 5% and what MCAM is looking for is 1% to fund public access. Now originally we were looking for that money to come through an amendment to the cable agreement with reporting to the City directly from Comcast. That really isn't necessary. What we are looking for is an agreement that says we are going to receive 1% of the funds whether the check comes from the City or the check comes from Comcast is basically a mute point. The 1% is what is extremely important here. The 1% guarantees that the administrative costs for public access and the level that public access exists today will be carried through for the life of the cable agreement and that we would be paid on a yearly basis. That is how we came up with the funding. Basically we haven't strayed from that. We have been there right along. From Day 1 that is how we wanted to get our funding to

proceed. You can look at it a number of different ways but really when you take the whole picture and you put it all together and you actually study it the bottom line is that public access in a matter of a three year period will no longer cost the City a penny even though the funding is still coming from the Comcast franchise agreement because we are not coming to you for any increases. We are not coming back to you on a yearly basis saying we need more money for this, everything has grown and we have more producers and more time and we need more space, etc. That is not what our intention is here. Our intention as a non-profit organization is to go out and fund raise and look for grants that are out there and to look for other monies to grow public access to where it needs to be. The funding that comes from the franchise agreement is there for the administrative costs to guarantee that public access will always be there at least at the level that it is at today, which is the bottom line. We have gone through with the agreement and tried to make sure that the City was protected on every level. I am a resident of Manchester. I live in Ward 9. I pay taxes to the City. I understand the value of a dollar and the cost of taxes going up. So when the Mayor approached us and we put this whole thing together one of the things that the Board of Directors of MCAM said was that under no circumstances can this cost more than what can come from the cable franchise agreement period. Any growth is going to have to come from fundraising and other avenues. When you put it all together and look at what we have we wanted to make sure that the City was protected. So when you go through the contract that Tom Arnold and MCAM worked very diligently on, the City is protected in many different ways. As you are aware there is a \$350,000 fund that would come to MCAM that is part of the cable franchise agreement. Those funds are earmarked and put aside specifically and only for the use of the PEG access television stations. They can only be used for very specific things like the purchase of equipment and leasehold agreements. We have taken that contract basically and made it part...and we reference that in our agreement with the City so that the funds that come from the Comcast equipment funding, the

capital funding to purchase the equipment that MCAM is going to need to function and the property lease and some of the lease hold improvements, that is what is going to come out of those funds. Nothing else can come out of those funds. On a yearly basis, MCAM is required to submit our annual report as well as our audited tax return to the City according to that agreement. It comes to the Finance Department for its approval. The Finance Department has the ability with a 60-day notice at any time throughout the 10 years of MCAM to request an audit of MCAM's books and MCAM must comply. We open our doors and say come on in and do your thing. We are also bound by many Federal statutes as being a non-profit organization, the guide as to what we can do with funds that are received by MCAM. This whole package when you look at it has been put together so that the liability of public access leaves the City of Manchester. Public access still benefits the City of Manchester. It is run by the people that are utilizing it. It is set-up so that we will not come back to this Board for additional funds. I don't know how else I can...by it coming to MCAM it indemnifies or it eliminates the liability to the City for anything that may happen like the lawsuits that happened a few years ago through some of the producers. I am really not familiar with it but I know that the City or the School Department paid out about \$35,000 to defend that. That liability leaves. It comes to a volunteer Board of Directors. We have been asked by some people why wouldn't you come to the Aldermen on a yearly basis with a budget. We are volunteers. We are not on the payroll for the City of Manchester. Our sole purpose as a Board of Directors is to manage public access television and to make sure that the laws and the guidelines that formed public access television are followed. We believe that with the annual reports and the open audits and the auditor's report that we would give to the City and everything else...all of the other stipulations that have been written into the agreement with the City that the City is extremely well protected. The Board of MCAM enters into a lease agreement for the property. If for some reason the City decides that it is going to take public access back, the City is not liable for that lease. The City is not liable

for anything that MCAM has done. All of the equipment that is purchased with the funds that come from the City and from the initial \$350,000 and from the annual funds from Comcast – our inventory, our kept inventory and there are logs, it all reverts back to the City. So there is nothing here that anybody benefits from other than the people that actually view public access TV and the producers of public access TV and the City of Manchester because the costs become contained. You are not going to have to listen to us every year. What was the original budget for PEG access when it started? What is the budget now? Those budgets constantly increase. They have to. The cost of salaries and the cost of insurance and the cost of administration and the cost of running the business constantly increase. We are not going to bring that back here anymore. That is what the Board of MCAM is going to do. I believe that this is a win-win situation. That the City, the residents and public access TV all win. I thank you for listening to me and I will answer any questions that anybody has.

Linda Garrish Thomas stated I am a member of the Board of MCAM and a past public access producer of nearly 10 years. John mentioned the 1%. He also talked about the 5%, which is what you get from the cable fees to the City. I wanted to clarify that the 1% we are talking about is 1/5 of that 5% particularly for the public viewers and the people in the audience. It is 1/5 even though we are 1/3 of PEG access. I just wanted to clarify that we are asking for 20% of the 5% or 1/5 of it and that is why we say 1% as opposed to the 5%. Thank you.

Alderman Osborne stated I just want to direct the conversation to the lease itself. I was trying to tell you about a three-year lease and this is what to grab, a three-year, a three-year and a four-year and this is something that you went along with. Other than that, the agreement itself I thought should coincide with the lease. Three, three and four.

Mr. St. Hilaire responded I would like to clarify so that we are all on the same page as Alderman Osborne. He was concerned...originally we were talking about entering into a five-year lease for the property with options on it to bring it up. The agreement that MCAM has put forth is for...it is a 10-year agreement. It is based on the current contract with the cable company, which ends in 2015. Alderman Osborne's concern was that if we were entering into a five year and then another option for another five year that if something happened and MCAM lost public access or it took it back that the City would be held responsible and would be locked into a long-term lease. As I stated, MCAM is entering into the lease and it wouldn't but he asked if we would have a problem as a Board going into a three-year lease. What he actually meant and I received a paper just tonight and basically what he would like to do if I am reading this paper correctly is that the agreement would be changed so the agreement would be for a period of three years and then MCAM as a Board of Directors would have to come back in front of the Aldermen to extend it for three years and then to extend it again for four years to make sure that we were doing the job for public access. We have already agreed and the buildings that we are looking at and we are actually looking at four different sites right now, they are all the same landlord and the term of the lease is not a problem. They have no problem with that option for us on the property. Did I go the right way with that, Alderman?

Alderman Osborne asked Mr. Arnold can you explain that to him.

Deputy Solicitor Arnold stated I drafted the language for Alderman Osborne's request. I believe it has been passed out tonight. What that language provides is that there will be an initial term for the agreement of three years. At the end of the three years MCAM would have to give us at least 120 days notice and providing that they had a binding lease through the end of 2008 they could renew for an additional three years and further and if they gave us 120 days or at least 120 days

notice prior to June 30, 2008 that they could then extend the term for an additional four years to 2011 and then for an additional four years to 2015 again provided that they had a signed and binding lease through the end of 2015.

Mr. St. Hilaire stated I am reading the whole thing now and I fully understand that. The Board of Directors of MCAM had discussed this. We had a meeting after I had talked with Alderman Osborne and we have no problem with this language at all. This is the first time I have seen it but I don't see any issues here with what Tom Arnold has given to us.

Alderman Osborne moved to approve his recommendation.

Alderman Guinta stated I have a couple of quick questions. The \$350,000 endowment is used for equipment only or...it says equipment and facility purposes. What is facility purposes? How is that defined?

Mr. St. Hilaire stated I believe it is defined for leasehold improvements and the lease only. That is it. It can be used for leasehold improvements for the construction of the studios, of the actual studios inside the building, inside the leased space or the payment of the lease. Now I am kind of blind here because I am only going on...I do not have that actual contract. Those were the words that I actually took from Alderman Gatsas.

Alderman Guinta asked wouldn't the landlord provide some funding or some mechanism where he or she could retrofit the building. Has that been discussed?

Mr. St. Hilaire answered the current process that we are going through, we will get some money from the landlord for lease hold improvements for the needs but for the needs of the whole studio there is no way that a landlord, not without MCAM

entering into an agreement for exorbitant rents, that a landlord would actually incur those costs but we are getting concessions so that some of those costs will be incurred. Also if I might just to further that answer, it is the intention of the MCAM Board of Directors that once we are up and running any of the initial \$350,000 that is utilized for lease hold improvements or the lease, it is our intention through fundraising to actually take that money and put it back into the \$350,000 because we really want that for equipment because equipment is expensive and needs to be constantly upgraded. So we really want to leave that as an equipment fund.

Alderman Guinta stated the total request is \$257,000 and the 1% franchise fee is \$234,000. Are you saying that the \$234,000 never changes or the 1% never changes?

Mr. St. Hilaire responded the 1% never changes.

Alderman Guinta asked so the funding would always be 1% of the 5%, which you are assuming will escalate on an annual basis.

Mr. St. Hilaire replied believe it or not we are actually looking at little further into the contract there is a possibility that without MCAM getting very active on the Federal end of this for other issues that are coming there is a possibility that it could decrease a little bit. You have a lot of other options. You have satellite television that is coming up. There are a lot of other things that the PEG access stations across the country are currently working with the Federal government and their Senators and Congressmen now to try to secure funding from those sources so that everybody is on a level playing field but yes the 1% stays the same. The budget that you have in front of you, the \$257,000, if you read through it what we did is we actually forecasted out what we were going to do for the first year and

that \$257,000 actually shows an increase. It actually shows an additional employee and a half on that budget. We are not asking you to...

Alderman Guinta interjected it would increase some time later.

Mr. St. Hilaire responded right but that would happen through the funding efforts of MCAM. That would not be something that we would ever come back here for. The \$234,000 is the actual number that we are anticipating off of the franchise cable agreement, the 1%.

Alderman Guinta stated do you have any private corporations already lined up to support or assist in your fundraising efforts or does that come later.

Mr. St. Hilaire responded as far as professional fundraising companies, no.

Alderman Guinta stated no. One of the things you talked about in your presentation was to be self-sufficient beyond the 1%. It sounds like you are going to fundraise in the community and look for public/private grant money.

Mr. St. Hilaire responded that is absolutely correct.

Alderman Guinta stated the question I have is have you done any...I just can't recall the report that was put together about a year and a half ago. Is there anything in that report that talks about feasibility of local companies stepping up and supporting this entity financially? I just can't remember.

Mr. St. Hilaire responded we have talked about that briefly as a Board but that is not a program that we have put into place yet. That is an area that we are looking at but obviously being a public access television station there are certain

guidelines that we have to follow that we can't cross over as far as getting corporate donations and things of that nature or we can't sell airtime per say but that is one of the options that we are looking at is local corporations and other non-profit organizations that actually are currently using and paying for profit companies and for studio time to develop their materials that they use in presentations. That is one of the options that MCAM is looking at – renting out studio space to other non-profit organizations because we would have the ability to help them to produce their own materials like education materials and things of that nature.

Alderman Guinta stated but some of the funding that you anticipate receiving in the future is through fundraising. So I guess my question is is there any feasibility study or any general study that has been done for the likelihood of funding outside of the current source, which is this franchise fee?

Mr. St. Hilaire responded we actually have many different case studies and many different companies, public access television stations that are already doing this that have models that we are looking to follow such as Lowell and Worcester. There are already organizations that re doing this and yes we do have some of those things available to us.

Alderman Guinta asked but MCAM hasn't done it yet so we don't know what the feasibility is or the likelihood is of the local community financially supporting this. That is something that would come in the next 12 months I assume.

Mr. St. Hilaire answered correct.

Alderman Shea stated thank you for the presentation, John. For the general public could you state the benefits that you envision for the producers that are in the

audience here that they do not have now that they would have when you become your own particular operation?

Mr. St. Hilaire responded currently PEG access are all housed at the MST educational building off of South Porter Street. Public access has 50% of the studio and the other 50% is split between education and government. The problem that you have is that it hurts education and government but it also hurts public access because it is not available on weekends and it is not available to public access during the day. It is available from the hours of 3 PM to 8 PM so there are very limited hours that it is available to actual producers or would be producers. Once public access leaves and moves into its own space now it becomes available much more often. It will be available nights, weekends and during the day so that producers that are working second shift, third shift or first shift are going to have much more access to the studio. The other thing that it does through the fundraising efforts and through many of the other things we are doing or that we are looking to do is that it would...public access producers are going to benefit from the increased influx of money that we are looking at for different types of equipment, options that are not available for them right now in producing different things that become available to them. So there is...when you look at the whole scenario and the type of equipment that is used and the number of hours that the studio is available that is going to grow once public access leaves. That is a benefit to the producers. The benefit on the back side to education, to government and to the school is the school can now be locked down just like every other school is locked down in the City. The liability issues of having the school space open to public access producers now leaves. That is gone so it becomes a much safer system and the MST building becomes more like the rest of the schools and secure like the rest of the schools should be. Jim wrote me a note that he can't read so obviously he has something to add to this so I am going to let him add to it.

James Stewart stated that is what I wanted to bring up is the safety issue. The school down at the south end has always been open on a constant basis unlike the other schools like Memorial, Central and West. The industrial school down there is open to just about anybody that walks in. I have gone in a number of times when I was a police officer and there were a number of people walking around – producers and people like that I found out later who they were. That is when I talked about the safety issue and we have talked about it a number of times. Now that the school has changed dramatically and plus they have that much more room to work a lot better and that is what they really are looking for. The room and the space that they need they will have for the students and that was another issue.

Ms. Garrish responded I would like to add that sometimes the door to one access area was locked and for producers who had guest coming in for their shows and their tapings sometimes that became a problem so there was no consistency on whether it was locked or not. The other thing I want to add is producers now are taping three weeks out for their shows as opposed to when I was taping my show and I could do it the week before and sometimes I could do it even sooner. There is a backlog of people that want to get on and produce shows. It is difficult for people given those hours. Producers are normal everyday working people like yourselves in the community so it is very restricting. It is very restricting to have to tape several weeks out. The hope is as well that that will improve as we grow and develop. Another thing is that the equipment that producers are using, if they are not going to do a studio show and they are going to tape out and come in and edit and produce something is very restricted. Everybody is sharing equipment and there is a real limit on that. So that again is stifling for producers and would be improved as we move out, purchase our own equipment and then eventually get to develop and purchase more equipment. Bottom line is we would be going over to at least maintain the same level of service now with the expectation to grow as

the years go on and we get further funding. There are foundations all over the place that are funding similar types of public access all over the country and there is money to be had. The Board needs to develop its plan and develop a grant plan, which we can't do until we have a studio and until we have an entity that is actually functioning. Thank you.

Alderman Gatsas stated Mr. St. Hilaire it sounds like you have done a little history. Maybe you haven't gone back far enough in the history but I can tell you that the first contract that MCTV had that they negotiated with at the time United Cable. In that contract  $\frac{1}{2}$  of 1% was allocated to education, government and public access – all three of them. That was the position that they were in at that time. In 2000 I believe being the Chairman of Administration I negotiated a contract with Comcast. In that contract we removed any contribution to MCTV and it was going to be budgeted through the City. In 2001...and I guess, have you talked to anybody at Comcast to try to negotiate a contract with them?

Mr. St. Hilaire replied no that is not my place.

Alderman Gatsas responded well I was under the misunderstanding then because you had talked about trying to get 1% from Comcast and I didn't know where that was coming from in the conversation that you just had a little while ago but let's leave that aside for now. In 2001 I am looking at the minutes of the meeting we had back here as an Aldermanic Board and in 2000 the total budget for the entire three divisions was about \$325,000 of which \$37,000 was returned to the City because they didn't need it. The following year, Dr. Sullivan came before us when this first disassociation from MCTV by public access was going to happen and that return of \$37,000 was looking for a 90% increase in her budget so it could be separated from school and government and public access. That was going to take care of those and we were talking I believe at the time with Mrs. Eckman and

somebody else when they were before us trying to separate it. At that time it was still a budget process. Alderman Guinta touched on it. When we give you 1%...I think when we first negotiated this contract total revenues were somewhere in the vicinity of \$1.1 million.

Mr. St. Hilaire responded that is what the number is for this year.

Alderman Gatsas replied well then we were less than that because that number has grown over the course of the last four years. So Alderman Guinta is absolutely correct. When we give you 1% and that franchise fee goes up or if rates go up because we are paid based on the cable rates you are going to get an increase.

Mr. St. Hilaire responded correct.

Alderman Gatsas stated I think that that is...again when you came to us last year with a budget it was somewhere in the vicinity of \$190,000. Is that correct?

Mr. St. Hilaire replied I think last year was about \$197,000 correct.

Alderman Gatsas stated right and you haven't even been in existence for a year and you haven't hired a body and you haven't spent a nickel on legal expenses and you haven't done a thing and you are coming back to us within a year not hiring a body looking for an additional \$57,000 or \$47,000 without doing anything.

Mr. St. Hilaire responded we have done a lot of homework since then and also I believe that if you go back and you look the cost of insurance, the cost of administration has gone up exponentially in this past year, which hurt a lot of people. Basically the 1% was there last year and it is there this year. That 1% has always been there. I guess, Alderman Gatsas, what I look at is that without the

cable franchise agreement PEG access does not exist. It is a tax. It is a fee that was allowed by the Federal government and in part it's intention was to help fund PEG access, public, education and governmental television. Then there are some right-of-ways issues that those monies also help with for the cable lines and so forth but the bottom line is PEG access doesn't exist, those funds don't exist. Those funds disappear because if they would stay I would think that as a business owner in the City of Manchester if those funds would stay or if PEG access left, the 5% that Comcast is paying you I imagine would leave or that would mean that as a business owner you could come to me and require 5% from me too.

Alderman Gatsas replied Mr. St. Hilaire it just goes to show you that I negotiated a much better contract that you would imagine because my contract that I negotiated with the help of some of these Aldermen, that is a franchise fee. That has nothing to do with PEG access. It has nothing to do with education. It has nothing to do with government TV. The franchise fee, if you read the agreement, if you have a copy of it that agreement is very clear. Those funds come to this City. We have the ability to do whatever we want with them – general fund or fund whatever. Now I don't know if anybody at this Board level...at least this Alderman has never told you that it wouldn't be funded. Has anybody indicated to you that PEG access wouldn't be funded?

Mr. St. Hilaire responded I am just stating that the only reason that public access...the only reason we are basing our budget as a volunteer Board of Directors on the Comcast cable agreement is because that is the intent of how PEG access was to be funded. That is how we believe that public access should be funded...

Alderman Gatsas interjected that is your belief but that is not the taxpayer's belief by electing elected officials to negotiate contracts. That is your belief.

Mr. St. Hilaire answered absolutely.

Alderman Gatsas asked are you personally guaranteeing the leases on the location that you are looking at.

Mr. St. Hilaire responded as a Board of Directors we will be, yes.

Alderman Gatsas asked personally guaranteeing it.

Mr. St. Hilaire answered as a corporation we will be.

Alderman Gatsas responded that is not my question. There is a difference between a corporate guarantee and a personal guarantee.

Mr. St. Hilaire replied you are absolutely right, Alderman, and without the funding the Board of Directors of MCAM...without the 1% funding from the franchise agreement the Board of Directors of MCAM would not enter into a long-term lease because at that point we would have to personally guarantee it.

Alderman Gatsas asked can you tell me of another CIP project, cash project in the last 20 years where there has been guaranteed funding from the City of Manchester.

Mr. St. Hilaire responded I honestly couldn't.

Alderman Gatsas asked could you tell me another department in the City of Manchester.

Mr. St. Hilaire answered this is not a department of the City.

Alderman Gatsas stated my question is very simple. Can you tell me a department in the City of Manchester that has been guaranteed funding?

Mr. St. Hilaire replied no I can't, Alderman, but once again I want to reiterate that public access television is not a department of the City of Manchester.

Alderman Gatsas asked is MCTV a department of the City of Manchester.

Mr. St. Hilaire answered I think if you look at the Federal laws it is not. You are not supposed to control the production but I believe the funding comes from the City of Manchester. I have a colleague back here, Ms. Garrish who would like to answer.

Ms. Garrish stated I just want to go back, Alderman Gatsas, to your statement about the contract negotiated a more general term of franchise fee. That franchise fee was negotiated in good faith based on the concept that cable companies provide that as a resource to a community to provide PEG access so it would seem to me regardless of it being a franchise fee and regardless of it going into the general fund and you being able to use it in any way, shape or form you may choose to based on the needs of the City, it is a moral ethical or professional ethical agreement that has been made based on the assumption that a cable user fee as it is in communities all over the country is used for PEG access. The other thing I wanted to reinforce is that public access is a right-to-know. It is a free speech area. We will be governed by some of the regulations via 501C-3 status. We will have to regulate based on agreements about public access but it is a right-to-know, not one that is controlled – the language. This is why we have had liability issues

at the City but once again the Board itself is taking on that liability and the fiduciary responsibility.

Alderman Gatsas stated I agree with what you just said and I don't think anybody on this Board has for one second said that PEG access shouldn't be funded. I don't think that has ever been said. If the franchise agreement doesn't call for you getting 1% and if MCTV must come to this Board for financing then what is the problem with you folks coming before us to ask for a budget.

Mr. St. Hilaire responded I guess if we were on the payroll there wouldn't be a problem but we are volunteers. We are a volunteer Board of Directors made up of business men and women who live in the City of Manchester and we are volunteers. We are not paid and to put together and...as it is we follow a budget process and I do believe that in the agreement that we put forth and that we put together with the City Solicitor's Office we have covered every possible aspect. I guess the only question I would ask is that because of the agreement and because the City has the ability at any time to remove MCAM as the provider for public access television and to retain all of the assets of public access television why it should be an issue. The fact that we have to give you an annual report, an audited report of our books, why does that become an issue? It should be a non-issue. The only thing that we are asking is that you guarantee us the minimum funding to run public access television at its current level.

Alderman Gatsas asked Alderman O'Neil when you were participating in the CIP portion of the budget aren't there non-profits that come before you that have Board members that are not paid presenting you with a budget for funds they are looking for from this City. I would assume that going through the list there is the Palace and a whole bunch of places that come before this Board that are non-

profit, their Board of Directors are not paid and they sit before the Mayor and the Committee and directly ask for those funds.

Mr. St. Hilaire answered except that an entity such as the Palace and I don't want to take anything away from these other non-profits because they provide a very, very useful service to the citizens and residents of Manchester but they are individual corporations. MCAM is taking over public...it is taking over an operation that has been run through the School Department that the School Department no longer wants. It is something that must exist.

Alderman Gatsas stated for Intown Manchester we have a tax that we charge downtown businesses in the Intown structure and all of those funds aren't dedicated to Intown. They must come before us with a budget. What is it \$.64? so \$.64 of every taxpayer's downtown Elm Street property goes to Intown and they still must come before us and they are non-profit.

Alderman Lopez stated I agree that a lot of the non-profit organizations to include Intown...the mission of some of these organizations is nowhere in comparison to the mission of MCAM or public access, whichever you want to call it. This is not a new problem to the Aldermen. First of all, I think we all must understand that the School Board voted that they don't want public access over there period. Other people don't want public access. Eighteen months ago when all of this started the Board of Directors got together and came before us back in 2004, which was mentioned and it was like a novel at that meeting and everybody got a copy of the minutes so we all know what we are talking about but there are different things discussed there. So the went back and did their homework and worked with Tom Arnold. I would like to have a legal opinion from Tom Arnold in reviewing the contracts. Is the City protected if we were to approve this?

Deputy Solicitor Arnold responded that is an awful broad question. I guess what I would say is this agreement...overall I think yes the City is protected. I would say that this proposed agreement is a 10 year agreement that calls for funding over a period of 10 years. Contrary I think that Mr. St. Hilaire misspoke in that although the City I guess could remove MCAM as the public access provider, that would not terminate the agreement. What you have is a 10 year agreement. It does provide that they must engage in certain activities and provide public access. It does provide for annual reports on finances. It does provide that the City has the right to audit those finances. Again, I think Mr. St. Hilaire misspoke when he said 30 days. The agreement provides for "upon reasonable notice." In short, that is what I would say.

Alderman Lopez stated in reference to termination of the contract are you satisfied that we are covered and that our auditor can go in there or our Finance Chief can go in there and bring something back to the City Solicitor and we would have the right to terminate the agreement.

Deputy Solicitor Arnold stated it depends on what they brought back. What the termination provision provides is that there has to be a breach of some provision of this agreement and that there has to in its stead be some malfeasance or misfeasance or misappropriation or misuse of funds. Certainly if the auditor came back with some evidence of that type of behavior then yes we could terminate the agreement. Third, it provides that if MCAM were to lose its federal 501C-3 status that that would be a breach of the agreement and we could terminate on that basis.

Alderman Lopez stated another thing I would like to bring to everyone's attention is we keep saying that the franchise fee keeps going up and they are going to get more money. It also works in the reverse. If the franchise fee goes down that is all they are going to get to so they have to incorporate and find ways to have

money. In looking at the budget that had been mentioned, the \$257,337, that is their budget. As we talked about in the Committee on Administration the process going forward and the vote that was taken they have some work to do. These are volunteers and we must remember that. They are going to have to produce and if they cannot produce believe me public access will probably come back long before a year is up if there is no production along that line because they won't have the funds to pay their employees. I think the other thing I want to point out...I think the figure of \$325,000 was given to MCTV in one budget. There was another line item for \$120,000 and another line item during that budget process year when they were going to separate public access from MCTV. That never materialized so it went back to \$420,000 or something for MCTV. Last year I think it was \$420,000 and this year it is \$458,000. I think you have to put things in perspective. We all worked hard on a lot of this and it seemed to keep changing along the line. Each time it changed it got better. I commend Alderman Osborne for the amendment. I agree with that and support it 100%. I think we have come down to the wire. There is nobody on this Board that doesn't understand public access TV. Give them a chance. Let them go out and build the Taj Mahal that they want so to speak and if they can't build that Taj Mahal public access will come back to MCTV.

Alderman DeVries stated I would like to continue the pursuit of information with the City Solicitor before I ask any other questions because you were just addressing some issues with Alderman Lopez and I think I heard you say that we can remove the public TV entity from this contract and place it elsewhere but it would not terminate the agreement. Are you saying, in fact, that the 1% would continue to flow even though the public access entity was removed from this?

Deputy Solicitor Arnold responded under the terms of this agreement, yes.

Alderman DeVries asked and how would you correct that so that the 1% funding followed public access TV.

Deputy Solicitor Arnold answered I would probably add a provision to the termination section, paragraph 17 of the agreement, paragraph A4, which states that if the City should decide to remove MCAM status as the public access provider and place it either back with the City or another organization that the agreement would terminate.

Alderman DeVries stated my question for the Chairman is would you have an issue if that was added to the agreement that if for some reason public access was removed because of the termination clause that the 1% funding would also leave with it.

Mr. St. Hilaire responded absolutely not. It was our intention and it was our belief throughout this whole process that the termination...I mean the word terminate...it says, "the City shall have the right to terminate this agreement." If they pull public access and they terminate the agreement, I believe it was our legal counsel's opinion that the agreement was terminated which means the funding source. If you want to specifically line item out the funding source for the termination we have no problem with that at all.

Alderman DeVries asked is it safe to assume that the City Solicitor will add that clause to the paragraph so that he feels the City is protected.

Deputy Solicitor Arnold answered if this Board so desires, certainly.

Alderman DeVries asked can the Chair keep track of that so we can take a motion on that when we are all done concluding this.

Vice-Chairman O'Neil stated the Clerk will keep track of that.

Alderman DeVries stated I have one other question and it is on Item 9C. It addresses the inventory of equipment that is acquired with City funds. The last sentence talks about your ability to use that and trade-in for new equipment, which I am sure will become timely at some point. I am just wondering if the City might be part of that process so that if you were going to be trading in the equipment there was a notification to the City and then the trade-in would happen? That last sentence says, "except that MCAM may trade-in equipment provided by the City or purchased with funds provided by the City." I am wondering if within that sentence you could insert something that allows the City to be notified that you are trading in the equipment in trade-in.

Mr. St. Hilaire asked prior to the trade-in because we would report the trade-in status with our normal annual report but if you would like us to ask you first...

Alderman DeVries interjected prior to the transaction because there is tracking equipment and such that we would like to do and it just seems like it would be a good process to follow.

Mr. St. Hilaire responded sure. The intention of the...when we were actually discussing this clause just so you can understand the intent of MCAM, the Board of Directors actually discussed that before we would actually trade-in equipment because basically that type of equipment does not have a lot of value. When it's life is used it is used and in our discussion I believe that we had even stated that we would probably provide a list to the City before we traded it in and give it to you in case there was a department that needed that equipment. Most of the trade-in value of this stuff, electronic equipment, is almost nil to being with. But yes I

would have no problem with adding that so that we would come to...basically before we would trade-in a piece of equipment you would like us to list that piece with...the only reason we didn't put something like in there is because not one of us could pinpoint a department or person...who would we present that to? Who would be the keeper of such a list for the City?

Alderman DeVries responded well probably the City Clerk's Office would be the notification and then they can address who it should be distributed to.

Mr. St. Hilaire asked so it should be specified as the City Clerk's Office.

Alderman DeVries answered I think you can just say the City and then it can be something that is covered under policy between your Board and our Board. I am not looking for you to ask permission. I am just looking for the notification prior to the trade-in.

Mr. St. Hilaire responded absolutely. That is not a problem.

Alderman Roy stated I have five questions so let's keep our answers brief. Kevin, in the Mayor's proposed budget where is the revenue location for the \$1 million that comes from Comcast.

Kevin Clougherty, Finance Officer, responded I believe it is in the City Clerk's budget.

Alderman Roy asked has anyone done an analysis of the cost reduction to MCTV versus what MCAM is asking for.

Mr. Clougherty answered not to my knowledge.

Alderman Roy asked so in other words you can't answer Item 3, which is what would the cost reduction save or what would the difference be to the taxpayers.

Mr. Clougherty answered I believe that is why the Mayor referred it to the budget committee so the two could be discussed at the same time so it is not just what would MCAM get but what would be the implication of the appropriation to MCTV as well.

Alderman Roy asked what is the balance of the funds that I believe are in CIP for MCTV.

Mr. Clougherty answered there is a project balance in MCTV for PEG access as of April 30 of I believe \$665,537.

Alderman Roy stated my last question is for the Solicitor. Can we legally bind the Mayor or the future Boards for the expenditure if we pass the 1% to be included in our budget?

Deputy Solicitor Arnold responded the Board could enter into a legal binding contract for future years, yes.

Alderman Roy asked could a future Mayor or a future Board break that contract outside of what is being put in front of us.

Deputy Solicitor Arnold answered it would be a breach of that agreement and damages would flow from that.

Alderman Porter stated I would like to thank you, John, and the other individuals who have worked on this. You alluded before...I think there is a requirement that the City has PEG access.

Mr. St. Hilaire responded you have to take the context of the whole thing. PEG access exists now. If you were to remove public access and just disband public access I think that you would have some serious problems.

Alderman Porter asked is there any legal requirement to maintain MCTV.

Alderman Smith asked John on your by-laws, Article 6 under Committees it says Standard of Conduct and on Article 7 it talks about removal. I imagine that you are going to regulate your own producers and do your own housekeeping?

Mr. St. Hilaire answered absolutely.

Alderman Smith stated so in other words when our Solicitor says the City will be protected we will be protected and it will be your responsibility.

Mr. St. Hilaire answered absolutely.

Alderman Smith stated just to follow-up when I did meet with you and I thank you for your time about seven months ago I said the quality of programs was very good with one or two exceptions and I hope that you would adhere to it. I appreciate it. Thank you.

Alderman Forest stated for me it is more of a comment than anything else because I have been pretty much involved in this along with my Committee for almost two years. Almost two years ago there was a lot of complaints about public access and

MCTV and some of the producers. It was recommended that a task force be appointed. The Mayor appointed a task force that I believe was chaired by Dr. Gustafson at Southern NH University. The Mayor and Aldermen approved the task force and there was an investigation and they came up with some recommendations. One of the recommendations was to split up MCTV into PEG access. We have had two public hearings on MCAM I believe. They have been before my Committee approximately six times. They have been back to the Mayor and Aldermen at least twice. We have ironed out a lot of things. We sent MCAM and their committee to the City Solicitor the City Finance Officer to come up with recommendations. A lot of the numbers come from Finance and a lot of the legal things come from our City Solicitor. We have four items on this Item 4 that we have agreed upon. The only thing that I saw in my Committee was the fact that Alderman Gatsas didn't want the guaranteed amount. That is probably why we are here tonight because Alderman Gatsas made a recommendation that it go to the Board. The Board sent it back to Finance and that is why we are talking about it. I think they work with our staff. I think they have come up with a good recommendation that would serve the City and separate them from the City and I think we should just move this question and get it passed.

Alderman Gatsas asked, Alderman Forest, can you tell me during those six meetings was there ever a discussion of 1%.

Alderman Forest answered at the last meeting and that is when there was a guarantee that they wanted 1%.

Alderman Gatsas responded you are saying at the last meeting. You are talking about when we...

Alderman Forest interjected the last Administration meeting we had.

Alderman Gatsas stated it was when we were presented with the contract of 1%.

Alderman Forest responded correct.

Alderman Gatsas stated in the five meetings before that was there ever a discussion of 1%.

Alderman Forest answered no there was not.

Alderman Guinta stated your fiscal year in this agreement as I understand it is October 1 to September 30 is that correct.

Mr. St. Hilaire responded yes.

Alderman Guinta stated and your annual report is due to this Board by February 1 of the following year.

Mr. St. Hilaire replied correct.

Alderman Guinta stated I am trying to see if there is some middle ground here. It sounds like the real issue...it sounds like everybody is supportive of what you want to do in separating MCAM. It seems like the contentious issue is the 1%. Alderman Gatsas' point...I think actually that Intown is a pretty good example. Their funding never increases. We always change the dollar amount per thousand based on valuation so their appropriation is \$225,000 a year. It is not a percentage. It is a dollar amount and that never changes.

Alderman Lopez stated that is not true.

Alderman Guinta replied well it is true because their funding...

Vice-Chairman O'Neil interjected let's not have a debate here. Alderman Guinta you have the floor.

Alderman Guinta stated on every budget that I have ever voted for the Intown request has never increased or decreased. It has always been \$225,000. What has changed is the cents per thousand that is appropriated. That is a fact. The concern I think that I am hearing and I have talked to other Aldermen privately is the percentage that is attached to your funding. I guess my question is is there some middle ground. For example, if you change the fiscal year and you report to the Board your annual report during the budget process and you request the following year's funds during that annual report, which would be during our budget process. I guess the final issue would be your landlord and how much time they need...what kind of funding requirements they are going to need in order to enter into a lease. I assume that is the issue for you right?

Mr. St. Hilaire responded that is one of the issues.

Alderman Guinta asked at the end of the day that is the primary issue as to why you want the guaranteed...

Mr. St. Hilaire interjected that is one of the issues. If I might you are comparing us to Intown.

Alderman Guinta stated I am not comparing you to Intown I am just comparing the funding mechanism.

Mr. St. Hilaire stated but there are some grave differences between Intown and I don't propose to know Intown in and out because I really don't, however, what I know is that public access exists currently. It has paid employees. It has a large amount of equipment and software. The studio space. It is not something that you can lightly step into and easily move out of. It is a major commitment. In looking at the size of that commitment is what brought us to take our funding to the 1%.

Alderman Guinta responded and I respect that and that is why I am trying to find an area of middle ground so we can move this forward. I guess my thought would be if you play with the fiscal year and you make a presentation during the budget process and maybe this Board can guarantee more than one year but not ten does that get you what you need?

Mr. St. Hilaire replied no. The comfort level that the Board of Directors needs based on the undertaking that we are asked to take over...what we were asked to do and the size of the project and the size of the entity that we have been tasked to operate and the fact that that entity is derived out of the cable company is where the 1% came from and is where the funding came from. The Board of Directors has had many, many meetings and we have worked tirelessly on how we could go through a budget process and what would be equitable and what would be a savings for the City. What would allow us to continually elect the people, the quality and the caliber of people necessary to run this type of operation and to take the types of liabilities that we would be taking over just the fact that you are in a broadcast industry. What would we have to have to do that? To say that we would have to come here and our funding may be cut next year...

Alderman Guinta interjected that is why I bring up the Intown example because it has never been cut. It is not tied to a percentage. It is tied to a dollar amount per thousand valuation and the agreement is that it always remains the same. They

have never come here looking for a funding increase and we have never decreased their funding. That is why I am just throwing out there a middle ground idea.

Mr. St. Hilaire stated the cost to operate public access television at the level that exists today is not going to be the same next year. It is going to cost more. So the 1% being on an escalating...being tied directly to the cable agreement that 1% if there is an increase in funds is going to automatically...

Alderman Guinta interjected I am trying to help you. I am not trying to stop this from happening. That is why I asked my earlier question about the participation of the private sector to help financially support this entity. I understand where you are in that process so I am happy to move along on that issue. All I am asking and I think you have answered it because you told me what your comfort level is, I was just merely asking is there a middle ground or are you not able to move and it sounds like you are not able to move because this is your minimum comfort level.

Mr. St. Hilaire stated based on where we started out there has been a lot of movement...MCAM has moved a lot both ways to bring us to the point where we are now so the movement has already been made. I believe we are at the point now where the presentation and the agreement as it stands is what we are looking to put through and other than the minor tweaks to make sure that the City is not encumbered into anything or into any liability issues or to make sure that we have crossed all of our t's and dotted all of our i's, I believe that the Board of Directors of MCAM is at the level of comfort now that it is going to be at. It will not change.

Vice-Chairman O'Neil stated you and I have had several conversations here and I also spoke to Mrs. Craig on the phone. Did some of this dedicated funding have to

do with your discussions with possible building owners and leases? Do I remember that?

Mr. St. Hilaire responded absolutely. As a landlord what they are looking for is stability and it is the same way with any business. You are going to enter into a long-term lease or into a lease with that landowner and they want protections. They want to know, and especially where we are looking for a certain amount of money for them for fit up and for them to help with the cost they need some kind of a guarantee. So if we have an agreement with the City of Manchester to operate public access television and that funding is tied directly to the cable franchise agreement and it is guaranteed funding on a yearly basis at some level or not that landlord will enter into a lease bound by the corporation of MCAM. If they are not comfortable that our funding is...

Vice-Chairman O'Neil interjected you have to come back for an annual appropriation.

Mr. St. Hilaire stated right. If our funding is not stable then they are going to ask for a personal guarantee, which nobody on the Board of MCAM would do.

Ms. Garrish stated I just want to reinforce that the difference between this kind of 501C-3 non-profit is it is a very specialized, highly technical corporation and there is a significant amount of risk and maintenance that needs to take place with all of the equipment and there is a significant fixed fee that we will be looking at for electricity and for other costs to keep us going. It would be highly risky for this Board of volunteers to take fiduciary responsibility without feeling like we have a fixed amount that we could count on to at least maintain basic services as they exist now with the expectation that we are going to do work to keep improving that and if there is a shortfall and the user fees go down then we have some work

to do to do that but that we have enough to guarantee that we are covering ourselves and the services that we provide with such a very specialized, technical field. It is not like an office with a few desks and a few computers. It is a very large risk that we take with the large number of technical instruments.

Vice-Chairman O'Neil asked the membership fees under revenues are fees for producers.

Mr. St. Hilaire answered correct.

Vice-Chairman O'Neil asked and what do you expect a producer will pay.

Mr. St. Hilaire answered I guess there are fees that are in place currently and we have not addressed those fees and how the future fees will go. We didn't feel that we were at that position yet.

Vice-Chairman O'Neil stated Alderman Osborne's amendment that would make it a three year agreement with a three year extension and then a four year extension is that something you folks need to sit down and discuss or can you say publicly tonight that you support it.

Mr. St. Hilaire replied I can say publicly that we support it. We have already discussed it.

Vice-Chairman O'Neil stated we will have to get the specific wording, but the items that Alderman DeVries brought up you were comfortable with.

Mr. St. Hilaire responded that is not a problem at all.

Vice-Chairman O'Neil asked Tom on Item 16 of the agreement, C) Audit by the City where it says, "the City or its designee" who do you believe the City or its designee is.

Deputy Solicitor Arnold answered typically it is the Finance Department. The Finance Department might hire an auditor to go in and do it. That would be the designee.

Alderman Lopez asked could Kevin Buckley do that audit.

Deputy Solicitor Arnold answered I was going to say yes. I misspoke. In the past it has been the Finance Department but as you are all aware there was a Charter amendment that transferred the audit function to an independent City auditor.

Alderman Roy stated I hate to disagree with my colleagues but one of the reasons why I support the 1% level funding of this or a fixed percentage funding of this that is bound by many Boards is because we need to remove the political process from PEG access. There are many things about PEG access that if I was running it or if I was the manager I would change. Many things have been said very negative about many members of this Board and I don't want to see through this Board or the next Board or a Board five years from now personality and politics get in the way of funding. This is a service to our constituents. Though I don't agree with everything that is done there are things that I would pull out of their budget. I would much rather see it level funded at a percentage that carries on year to year without a vote of this Board instead of having personalities deciding whether or not they receive 1% or ¾% of are level funded or we write them right out of the budget, which leaves public access back to MCTV. So I would concur with Alderman Lopez that we should move this along.

Alderman Garrity asked Mr. Clougherty what is the potential impact on the tax rate. Do you have a figure for us tonight?

Mr. Clougherty answered under the current budget for this year there is about \$1 million in revenues that is budgeted and expenses of about \$427,000. In the Mayor's recommended budget it is a little bit higher. I think \$458,000 and \$1.070 million. To the extent that you change those numbers it will have a tax rate impact.

Alderman Garrity stated we are in Finance and I need to find out that number.

Mr. Clougherty responded what is hard for us is right now you are talking about giving some of that \$458,000 to PEG access. How much are you going to give to MCTV and is that going to be more than \$458,000 combined or less? Depending on how those relate to that number and how the revenues are going to be generated that is what is going to be determined. I don't know the answer to that right now.

Alderman Lopez stated I know the answer.

Alderman Shea stated it is \$.04 on the tax rate.

Alderman Garrity asked does \$.04 sound right. You are the Finance Officer.

Mr. Clougherty responded I believe what the Chairman is saying is if you were to take the \$230,000 roughly out of the revenue stream that is about \$.04. I assume that is what they are talking about.

Alderman Gatsas stated I guess we ought to talk about their budget directly because Alderman Roy with his computer next to me was so kind to tell me that

the entire City's miscellaneous for training dues and travel and conferences is a total of \$93,000 and this two hundred and...and that budget for the City is roughly \$140 million...is \$458,000 so I am looking at a number that seems awful high for travel, conferences and training of staff. Now there is no question that if I were the School District I would be coming back and looking for 2%. 1% for MCTV and 1% for government because I would be saying that I am getting short-changed.

Mr. St. Hilaire stated I can't answer to MCTV or education or government. I can only answer to public access. There are fees that we would have to pay for organizations that we belong to and currently...I can't answer for education and government.

Alderman Gatsas asked what happens if there is an extension of this contract as there just was. We just extended the MCTV contract by five years and we received I believe another \$300,000 right Kevin?

Mr. Clougherty asked could you repeat that.

Alderman Gatsas stated we extended the contract with Comcast. It was a five year contract that we extended. How much did we receive for additional funding and if we extend it again does that mean that this MCAM transaction is extended?

Mr. Clougherty stated I know we have the extra dollars – about \$350,000 for capital, Alderman. Does that mean it is extended? That is a legal question not a finance question.

Alderman Gatsas responded we extended the rate.

Mr. Clougherty replied right and they are paying that rate.

Alderman Gatsas stated my question is if we extend it again four years from now in the middle of their contract is that an automatic extension for MCAM.

Deputy Solicitor Arnold responded not under the terms of this agreement.

Vice-Chairman O'Neil stated we have had a lot of discussion on this. You have the committee report in front of you. Is there a motion?

Alderman Osborne moved to accept the report.

Deputy City Clerk Johnson stated I don't think we want to accept the committee report as written. As I am understanding it there are amendments. Alderman Osborne submitted a copy to the Board via the City Solicitor of Item 1 Term. It is my understanding that he wishes to have the contract amended to include this as the term.

Alderman Osborne moved to approve the amendment. Alderman Porter duly seconded the motion.

Alderman Guinta asked do the people here representing MCAM tonight have the authority to amend this agreement or do you have to go back to your Board for ratification on any changes.

Mr. St. Hilaire answered Alderman Osborne's amendment has already been voted on by our Board.

Alderman Guinta asked what about anything in addition to Alderman Osborne's amendment.

Mr. St. Hilaire stated not anything in addition that has been specified here tonight because we have already discussed all of this.

Deputy City Clerk Johnson stated I want to intercede and point out that whatever is acted upon by the Finance Committee tonight will have to go to the Board of Mayor and Aldermen as a recommendation for final action and during that time it would give their Board the opportunity to go back.

Alderman Guinta stated that is my question. If we go back and make any additional amendments or changes outside of Alderman Osborne's amendment...well Alderman DeVries had an amendment to and I wanted to know if you have to go back to your Board.

Mr. St. Hilaire responded I understood that this was going to have to come back in front of the full Board so yes we would have to meet again as a Board of Directors to approve the amendments.

Vice-Chairman O'Neil called for a vote on the amendment. Alderman Gatsas requested a roll call vote. Aldermen Gatsas and Garrity voted nay. Aldermen Guinta, Sysyn, Osborne, Porter, O'Neil, Lopez, Shea, DeVries, Smith, Thibault, Forest and Roy voted yea. The motion carried.

Vice-Chairman O'Neil asked do we have the language that Alderman DeVries was looking for.

Deputy City Clerk Johnson answered we have two additional amendments that were suggested by Alderman DeVries as I understand them. The first has to do with 17 D Termination. As I understood it the intent was to tie the termination to the 1% funding that is outlined within it. It is my understanding and we will have the language exact when it is presented to the Board but my understanding is that the agreement could be terminated if MCAM is removed as a provider and it would be tied to the 1% funding directly, which from what I understand from the Solicitor happens anyway but I believe Alderman DeVries would like that specifically as wording. That would be the first one. The second has to do with the equipment and facilities section, Section 9C. There is also the request for the notification to the City, that would be via the City Clerk's Office, prior to the disposal of equipment.

Alderman DeVries moved to approve the two amendments outlined. Alderman Shea duly seconded the motion.

Alderman Guinta asked can you clarify when you say tied to the 1%...I am not sure I understand that.

Deputy City Clerk Johnson responded my understanding is that Alderman DeVries has indicated that she would like it stated in the contract that if the contract is terminated so is the 1% funding. In essence, if the contract is terminated it would be under the Solicitor's interpretation, however, she wants it clearly stated in the language. So the language would say that the City could terminate if MCAM is removed as the provider for public access, thereby the 1% would also go away.

Alderman Guinta asked so if that happens is there clarification as to where that 1% goes. Does it go back to the general fund?

Deputy City Clerk Johnson answered yes.

Alderman Gatsas asked, Kevin, is it my understanding from what Alderman Shea said that the tax rate for the next 10 years every time a taxpayer looks at his bill there is a 4 cent increase that pertains to PEG access.

Vice-Chairman O'Neil stated let's not have a debate here gentleman.

Mr. Clougherty stated if you reduce the amount of revenue by \$230,000 that is approximately a \$.04 tax impact this year.

Alderman Lopez stated I think one thing that we must remember in what we are doing here is that \$120,000 that comes in for the first year goes away so that tax rate is actually \$.02 not \$.04 because they don't get funded that \$120,000 the second year.

Alderman Shea stated I was going to say that we are always very prudent in looking out for the taxpayers so we never know if we are going to add \$.04 or deduct \$.04 but if the funding from Comcast goes up we are going to get more money from them in the general fund so that may equate to maybe improving the tax rate and not, in fact, having to pay \$.04. I think that it is kind of like a wash.

Vice-Chairman O'Neil asked, John, those particular items that Alderman DeVries has suggested you need to take back to your Board of Directors correct.

Mr. St. Hilaire answered absolutely.

Vice-Chairman O'Neil asked and what Alderman Osborne suggested that we already voted on has already been approved by your Board correct.

Mr. St. Hilaire answered yes.

Vice-Chairman O'Neil called for a vote on the two amendments as recommended by Alderman DeVries. Alderman Gatsas requested a roll call vote. Aldermen Gatsas and Garrity voted nay. Aldermen Guinta, Sysyn, Osborne, Porter, O'Neil, Lopez, Shea, DeVries, Smith, Thibault, Forest and Roy voted yea. The motion carried.

Vice-Chairman O'Neil asked we will see this a number of times as we are approving the budget correct.

Deputy City Clerk Johnson stated when the contract is presented it will be presented probably at the next Board meeting with the revised language and once the Board approves the contract that will tie you to it effective July 1. There will be changes to your resolution on the operating budget side as I understand it and that will be part of your process during the budget process but for all intents and purposes the contract will go forward at that point.

Vice-Chairman O'Neil asked when we meet as a full Board next week...

Deputy City Clerk Johnson interjected the contract will go forward and that would be a final action on the contract potentially.

Alderman Roy stated I would ask when this does come in front of the Board that to settle whether we are doing good or bad for the taxpayer I would like to have an impact or an evaluation done with the costs that are being removed from MCTV and the costs that are being added. I would ask the Board of MCAM and the

Director of MCTV to work together on totals so we can have an accurate picture on costs.

Alderman Lopez asked did we approve all that the Committee has presented with the amendments yet.

Deputy City Clerk Johnson answered that is your next step. As I understand it, you would need a motion to recommend to the full Board that the report of the Committee on Administration with the amendments that were approved this evening be approved.

Alderman Smith moved to recommend that the report of the Committee on Administration with amendments be approved. Alderman Lopez duly seconded the motion.

Alderman Guinta asked can we separate these out.

Vice-Chairman O'Neil asked in what way.

Alderman Guinta stated we are voting on all five as it stands right now right.

Deputy City Clerk Johnson stated if you want to address which items and then we could go from there.

Alderman Guinta stated well Item 4 is the concern I have.

Vice-Chairman O'Neil asked so you would be okay on voting for everything but Item 4.

Alderman Guinta answered well the point I was trying to make earlier was if somehow we could work within the fiscal year we could probably eliminate, change or modify how we fund them. I don't know if that is something that needs to be further discussed between now and the next Board meeting.

Alderman Lopez stated I would recommend as we have in the past that we accept the committee report and if you want to vote against any one item that you indicate the item that you want to vote for or don't want to vote for.

Vice-Chairman O'Neil called for a vote to accept the committee report as amended. Alderman Gatsas requested a roll call vote. Aldermen Gatsas and Garrity voted nay. Alderman Guinta voted nay on items 4 and 5 and Alderman DeVries voted nay on item 4. Aldermen Sysyn, Osborne, Porter, O'Neil, Lopez, Shea, Smith, Thibault, Forest and Roy voted yea. The motion carried.

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

A True Record. Attest.

City Clerk