

AGENDA

COMMITTEE ON LANDS AND BUILDINGS

August 4, 2008

Aldermen Smith, Gatsas
Osborne, M. Roy, J. Roy

6:30 PM

Aldermanic Chambers
City Hall (3rd Floor)

1. Chairman Smith calls the meeting to order.
2. The Clerk calls the roll.
3. Communication from the Goffstown Board of Selectmen addressing resident concerns about the impact of the Trestle on the Piscataquog River during the floods of 2006 and 2007 and seeking input from the Committee.
Gentlemen, what is your pleasure?
4. Communication from Alderman Ouellette requesting consideration of an ordinance or policy relating to prohibiting dogs from City-owned cemetery land.
Gentlemen, what is your pleasure?
5. Communication from Carol Johnson, City Clerk, advising the Committee of a conservation easement which has not been assigned to a department for oversight.
Gentlemen, what is your pleasure?
6. Report of the Board of Mayor and Aldermen advising that is has requested staff to prepare documents to provide that the City agree to extend the term on the 2nd mortgage relating to Lowell Terrace Associates property located at the northwest corner of Lowell and Chestnut Streets to coincide with the expiration of the existing first mortgage in 2013.
Gentlemen, what is your pleasure?

7. Communication from Thomas Bowen, Director of Water Works, requesting the Board approve purchase of a .02-acre parcel of land and building at 316 Manchester Road, Auburn, NH
(Note: Board of Water Commissioners has approved such purchase.)
Gentlemen, what is your pleasure?

8. There being no further business, a motion is in order to adjourn.



Town of Goffstown

BOARD OF SELECTMEN

RECEIVED

JUN 04 2008

CITY CLERK'S OFFICE

RECEIVED

JUN 04 2008

MAYOR'S OFFICE

June 2, 2008

Mayor Frank Guinta & Board of Alderman
Manchester City Hall
One City Hall Plaza
Manchester NH 03101

IN BOARD OF MAYOR & ALDERMEN

DATE: July 8, 2008

ON MOTION OF ALD. *DeVries*

SECONDED BY ALD. *M. Roy*

VOTED *referred to Committee on Lakes & Buildings*

Re: Trestle

Honorable Mayor Guinta & Board of Alderman:

[Signature]
CITY CLERK

Goffstown residents have expressed their concerns to us about the impact of the Trestle on the Piscataquog River during the floods of 2006 and 2007. Their concern is that during a flood event debris builds up around the Trestle impeding the flow of water and causing further damage to their properties. We have been in telephone contact with your Parks and Recreation Director who assures us that staff monitors debris buildup at the Trestle each weekday. However, residents report that the debris builds up only during a flood event and at that time it is difficult to remove without the proper equipment.

We understand that the Trestle is the future connection between Manchester and Goffstown trail systems. One resident, Mr. Thomas Hanley, 16 Shore Drive, suggests that a suspension walkway replace the current Trestle. In this way it would provide trail connectivity without impeding the flow of water.

In an effort to be responsive to our constituents and provide maximum protection of life and property, we seek your input on how to best address their concerns regarding the Trestle.

Sincerely,

Nicholas Campasano
Nicholas Campasano, Chairman

Scott Gross
Scott Gross, Vice Chairman

Vivian Blondeau
Vivian Blondeau

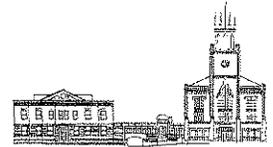
John A. Caprio
John A. Caprio

Philip A. D'Avanza
Philip A. D'Avanza



CITY OF MANCHESTER

Board of Aldermen



IN BOARD OF MAYOR & ALDERMEN

DATE: 4/15/2008

ON MOTION OF ALD. Ouellette

Memo To: Board of Mayor and Aldermen

SECONDED BY ALD. Lopez

From: Alderman Russell Ouellette
Ward 11

VOTED TO refer Lands & Buildings

Date: April 15, 2008


CITY CLERK

Re: Dogs in the Cemetery

It has come to my attention that dogs are not prohibited from being walked in the cemetery. I believe that dogs should not be allowed to walk in this area out of respect to the families and gravesites therein.

I am requesting the matter be referred to the Committee on Lands and Buildings for consideration of an ordinance or policy relating to prohibiting dogs from City-owned cemetery land.

Your consideration of this request is appreciated.



CITY OF MANCHESTER

Office of the City Clerk



Carol A. Johnson
City Clerk

Matthew Normand
Deputy City Clerk

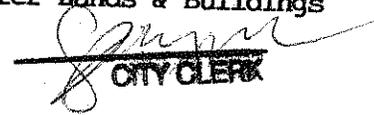
Memo To: Board of Mayor and Aldermen
From: Carol A. Johnson
City Clerk
Date: April 9, 2008
Re: Conservation Easement

IN BOARD OF MAYOR & ALDERMEN

DATE: April 15, 2008
ON MOTION OF ALD. DeVries

SECONDED BY ALD. Pinard

VOTED TO Refer Lands & Buildings


CITY CLERK

During the reconstruction of Candia Road the State of NH took a conservation easement on property on behalf of the City. The easement has not been assigned to a department for oversight.

The City can choose to retain the easement and assign it to a department or place it under the Conservation Commission.

It is suggested that the easement be referred to the Committee on Lands and Buildings for review and recommendation to the full Board at a later date.

C: City Solicitor

NOTICE OF CONDEMNATION

14.37
2-
Dept of Trans
notes

THE CITY OF MANCHESTER, BY THE STATE OF NEW HAMPSHIRE

DEPARTMENT OF TRANSPORTATION, HAS ON

_____ FILED WITH THE NEW HAMPSHIRE

BOARD OF TAX AND LAND APPEALS, A DECLARATION OF TAKING OF THE

FOLLOWING PROPERTY IN THE CITY OF MANCHESTER, OWNED BY:

770 CANDIA ROAD, LLC

SQUIRE CONSTRUCTION, INC.

CITY OF MANCHESTER

SAID PREMISES BEING LOCATED ON THE NORTHERLY SIDE OF
CANDIA ROAD, AS NOW TRAVELLED, AND MORE PARTICULARLY
BOUNDED AND DESCRIBED AS FOLLOWS:

Parcel No. 2

Conservation Easement:

Taking a conservation easement in perpetuity over a portion of land in
Manchester, Hillsborough County, New Hampshire, acquired by the Condemnee by
virtue of deeds from Robert Barley, Trustee of Interstate 93 Realty Trust, recorded
August 29, 2001, at Hillsborough County Registry of Deeds in Book 6479, Page 2755
and from the City of Manchester, New Hampshire, recorded April 8, 2003, in said
Registry of Deeds in Book 6888, Page 2370. The portion is shown on a Plan of
Manchester, STP-X-5205(035), 12328, on file in the records of the New Hampshire
Department of Transportation and to be recorded in said Registry of Deeds and shall be
subject to the following restrictive covenants:

4042620

2004 MAY 10 AM 8:58

BK 7230PG0196

1. The property shall be retained in perpetuity in its undeveloped natural, scenic and open space condition.
2. The property shall not be subdivided.
3. There shall be no industrial, agricultural or commercial activities conducted on this property.
4. There shall be no permanent structures within the conservation easement area.
5. No changes in topography, surface or subsurface water systems, wetlands or natural habitat shall be allowed beyond those required for the construction of the Candia Road improvements shown on the New Hampshire Department of Transportation Right-of-Way Plans Manchester, 12328.
6. No outdoor advertising structures shall be allowed or displayed on the property, including, but not limited to advertising signs and billboards.
7. There shall be no mining, quarrying, excavation or removal of rocks, tree, brush, minerals, gravel, sand, topsoil or other similar materials from the property, except for those required to eliminate existing, potential or future safety hazards.
8. There shall be no dumping, filling, injection or burial of any waste and refuse materials whatsoever on this property.
9. Enforcement of the terms and conditions of this conservation easement shall be according to New Hampshire RSA 477:46 and 477:47 as amended.
10. The terms and conditions of this conservation easement shall be carried forward with this property in perpetuity by the Condemnees, and/or the Condemnees' executors, administrators, legal representatives, heirs and/or assigns.
11. The State of New Hampshire has the permanent right to extend and maintain drainage beyond the limits of the present highway passing through and by the Condemnees' property located near Candia Road and Route 93 as will be

necessary to construct drainage in accordance within the standard practice of highway construction.

Containing twelve thousand one hundred fifty-four (12,154) square meters, more or less.

Containing in all a conservation easement of twelve thousand one hundred fifty-four (12,154) square meters, more or less.

Meaning and intending to describe a portion of that property described in documents recorded August 29, 2001, at the Hillsborough County Registry of Deeds in Book 6479, Page 2755 and recorded April 8, 2003, in Book 6888, Page 2370 at said Registry.

CITY OF MANCHESTER

By: THE STATE OF NEW HAMPSHIRE
DEPARTMENT OF TRANSPORTATION



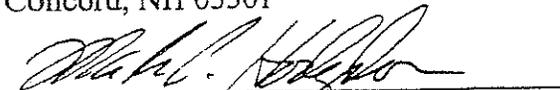
William P. Janelle, PE, Administrator
Bureau of Right-of-Way
Department of Transportation
John O. Morton Building
7 Hazen Drive, PO Box 483
Concord, NH 03302-0483

MAY 11 2004

(Date)

Attorney for the State of New Hampshire

Department of Justice
Attorney General Peter W. Heed
33 Capitol Street
Concord, NH 03301



Mark P. Hodgdon
Senior Assistant Attorney General

To the Board of Mayor and Aldermen of the City of Manchester:

The Committee on Community Improvement respectfully advises, after due and careful consideration, that it has requested staff to prepare documents to provide that the City agree to extend the term on the 2nd mortgage relating to Lowell Terrace Associates property located at the northwest corner of Lowell and Chestnut Streets to coincide with the expiration of the existing first mortgage in 2013.

(Unanimous vote)

Respectfully submitted,

S. N. Bernier

Clerk of Committee

IN BOARD OF MAYOR & ALDERMEN

DATE: May 15, 2007

ON MOTION OF ALD. Forest

SECONDED BY ALD. Shea

VOTED TO table.

S. N. Bernier
CITY CLERK

IN BOARD OF MAYOR & ALDERMEN

DATE: April 1, 2008

ON MOTION OF ALD. Gatsas

SECONDED BY ALD. M Roy

VOTED TO Remove from table and refer to Lands & Buildings

S. N. Bernier
CITY CLERK

8-23-06 labeled
10-23-06 Remained
labeled



**City of Manchester
Department of Finance**

One City Hall Plaza
Manchester, New Hampshire 03101
Phone: (603) 624-6460
Fax: (603) 624-6549

August 9, 2006

Alderman Michael Garrity
C/O Mr. Leo Bernier
City Clerk
One City Hall Plaza
Manchester, NH 03101

Dear Alderman Garrity,

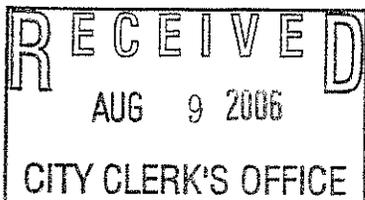
Attached is a copy of correspondence from Lowell Terrace Associates proposing a mortgage/debt consolidation for the property on the northwest corner of Lowell and Chestnut Streets. This is the item that I spoke to you about last week. With your permission, I would like to have the item discussed at the next CIP Committee meeting.

The proposal from the partnership has already been reviewed by the City Solicitor, Economic Development Director, and the Mayor's Office. Please feel free to contact me with any questions.

Sincerely,

Kevin A. Clougherty
Finance Officer

- C: Thomas Clark
- Paul Borek
- Randy Sherman
- Mayor Frank Guinta
- Ken Edwards, MHRA
- Peter Morgan, Property Services
- Tom Musgrave, William Steele Associates



WILLIAM STEELE & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

40 STARK STREET

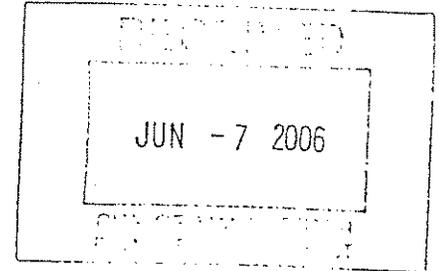
MANCHESTER, NEW HAMPSHIRE 03101

OFFICE 603-622-8881

FAX 603-647-4520

June 6, 2006

Mr. Kevin Clougherty, Finance Director
City of Manchester
One City Hall Plaza East
Manchester, NH 03101



RE: Lowell Terrace Associates

Dear Kevin:

Thank you for arranging the meeting on May 4, 2006. The meeting and subsequent telephone call the week of the 22nd was helpful. I believe we have reached some meaningful preliminary agreements concerning the terms of the original Promissory Note (Note) and subsequent amendment and modifications that will allow us to resolve the remaining issues to our mutual satisfaction.

Based on our discussions, it is my understanding that Lowell Terrace Associates (LTA) and the Manchester Housing Authority (City) agree on the following.

First, the \$1,250,000 portion of the Note is not due at this time. LTA and the City agree that the 1994 Promissory Note Amendment and subsequent modifications have extended the due date of the \$1,250,000 portion of the Note to July 1, 2013. The principal balance outstanding on this portion of the loan was \$559,811 as of December 31, 2005. Based on continuing monthly payments of \$6,885.71, this portion of the loan will be paid in full on July 1, 2013.

Second, the \$250,000 portion of the Note is due. As you know, this \$250,000 portion of the original loan has all of the characteristics of a fifty percent (50%) equity interest in the partnership. These characteristics will be described in more detail in the paragraphs that follow. The City has asked LTA to make a proposal concerning the amount of the pay off.

LTA is prepared to make the City an offer to settle the \$250,000 portion of the original loan and, once the City has reviewed and accepted the proposal, LTA will immediately seek replacement financing to pay off the City.

The original Note terms relating to the \$250,000 portion of the loan have all of the characteristics of a 50% equity interest in the partnership. Section 4 of the Note contains these provisions.

Section 4.a) of the Note describes LTA's obligation to pay interest to the City equal to 50% of the project's cash flow. In this regard, whenever LTA has made cash distributions of accumulated cash flow to its partners, a corresponding and equal cash payment has been made to the City. In connection with its settlement proposal, LTA is prepared to pay to the City 50% of the cash in its accounts, excluding cash held by LTA representing tenant deposits.

Mr. Kevin Clougherty, Finance Director
June 6, 2006
Page 2

Section 4.b) of the Note describes LTA's obligation on the twentieth anniversary date of the loan. There has been some disagreement and or misunderstanding concerning this particular provision of the loan. The City, as I understand it, feels that it would be inappropriate to reduce its entitlement under Section 4.b) of the Note by the balance outstanding on the \$1,250,000 portion of the loan. LTA maintains that the balance outstanding on the \$1,250,000 portion of the loan must be taken into account when calculating the City's entitlement. If the outstanding balance on the \$1,250,000 portion of the loan were not taken into account, the City would receive a payment exceeding the value of its 50% equity interest in the project.

Neither party expected an outstanding balance on the \$1,250,000 portion of the loan when the balloon payment due date provision for the \$250,000 portion of the loan was drafted in 1984. However, due to economic circumstances beyond the control of LTA and the City, the project was not able to service its debt and fell behind on its property taxes. Rather than assert its rights as a lien holder entitled to the delinquent property taxes, or assert its rights as the holder of the Note (which was headed into default), the City agreed to certain modifications of the Note in lieu of initiating action to take possession of the partnership's property. I submit to you that the City's actions were well reasoned and were motivated, in principal part, by the desire to protect its right to repayment of the entire outstanding balance of the loan (a balance exceeding \$1,217,000 at the time). It is not inconceivable that the City could have lost hundreds of thousands of dollars had it chosen to take possession of the property in 1994. Instead, the City acted in a manner that was both prudent and in its best interests as a lender and owner of 50% of the partnership equity. The City's actions also allowed the partners of LTA an opportunity to salvage their own 50% equity interest.

In LTA's opinion, the City's balloon payment entitlement on the \$250,000 portion of the original Note must take into account the balance outstanding on the \$1,250,000 portion of the Note. If the City's entitlement were calculated in any other manner, it would contradict the business deal between LTA and the City wherein the City was awarded a 50% equity interest in the project for its \$250,000 loan.

LTA's proposal to pay off the \$250,000 portion of the loan has been determined by treating the City as a 50% equity owner in the partnership. More specifically, the attached calculations estimate the City's balloon payment entitlement under Section 4.b) of the Note by projecting the net cash proceeds available to the partnership assuming a hypothetical sale of the property on August 1, 2006, followed by a distribution of the partnership's net assets in liquidation of the partnership.

The following assumptions are integral parts of the attached calculations.

1. The market value of the property is equal to its assessed value of \$1,255,800.
2. The outstanding principal balance on the \$1,250,000 portion of the loan is \$515,536 on August 1, 2006.

Mr. Kevin Clougherty, Finance Director
June 6, 2006
Page 3

3. A 4% commission would be paid to a third-party broker to facilitate the sale.
4. A New Hampshire real estate transfer tax equal to .75% of the market value would be payable.
5. A New Hampshire Business Profits Tax equal to 8.5% of the gain recognized on sale would be payable.
6. There will be approximately \$150,000 of cash or marketable securities in the partnership's accounts on August 1, 2006.

Based upon the assumptions listed above, LTA estimates the City's entitlement on the \$250,000 portion of the original loan to be \$367,065.

After you have had an opportunity to review this proposal and discuss it with other interested parties, please call me and let me know how you would like to proceed.

Very truly yours,

WILLIAM STEELE & ASSOCIATES, P.C.

Tom Musgrave

Thomas W. Musgrave, CPA

Enclosure

cc: Richard W. Hale w/enclosure
Peter A. Morgan w-enclosure

LOWELL TERRACE ASSOCIATES
 HYPOTHETICAL SALE AND LIQUIDATION ANALYSIS
 AS OF AUGUST 1, 2006

PROJECTED CASH AVAILABLE UPON LIQUIDATION

Estimated Cash and Value of Marketable Securities	150,000
Net Sale Proceeds - See Below	<u>1,196,150</u>
Estimated Cash Balance and Marketable Securities Value	1,346,150
Projected NH Business Profits Tax	(96,484)
Payoff Balance on \$1,250,000 Portion of Loan	<u>(515,536)</u>
Net Cash Available for Distribution	734,129
City's Equity Interest	<u>50.0%</u>
City's Equity Entitlement	<u><u>367,065</u></u>

HYPOTHETICAL SALE OF PROPERTY

Gross Sale Proceeds	1,255,800	Based on Assessed Value
Third-Party Commission @ 4%	(50,232)	
Real Estate Transfer Tax	<u>(9,419)</u>	.75% x 1,255,800
Net Sale Proceeds	1,196,150	
Adjusted Tax Basis of Property	<u>(61,040)</u>	
Projected Gain on Sale of Property	1,135,110	
NH Business Profits Tax Rate	<u>8.5%</u>	
Projected NH Business Profits Tax	<u><u>96,484</u></u>	

May 3, 2007

Mr. Randy Sherman
Assistant Finance Director
Finance Department
One City Hall Plaza East
Manchester, NH 03101

Re: Lowell Terrace Associates

Dear Randy:

It was good to meet with you and the other key City department heads on Monday, April 30th in preparation of the Community Improvement Plan (CIP) Committee meeting scheduled for May 8th. I have again reviewed Tom Musgrave's letter of June 6, 2006, which outlines the history of this project and our proposal last summer.

We now have two (2) major concerns:

1. The treatment of the existing balance of the City's 1st mortgage in determining the equity in the project.
2. The current market value of the building. We are contesting the 2006 revaluation.

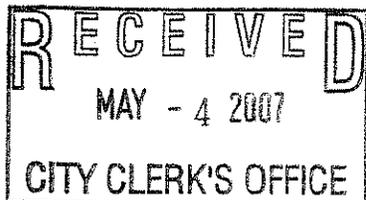
We were and are partners in saving a significant building in Manchester. We have worked closely together for over twenty-three (23) years in restoring and subsequently operating the property through good times and bad. We need to look at the deal itself and move forward to clarify the standing and term of the 2nd mortgage piece of our arrangement. There are only two (2) issues.

I look forward to meeting with the Committee on May 8th.

Sincerely yours,

Peter A. Morgan

Peter A. Morgan
Managing Partner
Lowell Terrace Associates



Suggested Ways Forward

1. City agrees to extend term on 2nd mortgage to July 1, 2013, concurrent with the extension of the existing 1st mortgage.
2. City demands payment of the 2nd mortgage valued at one-half (1/2) the fair market value of the building without consideration that the 1st mortgage is still in place. (Current balance of 1st mortgage as of April 30, 2007 is \$470,367.12.)
 - a. The loan will fall into default as the Lowell Terrace partners do not concur on the method of valuing the 2nd mortgage.
 - b. The default provisions in the original note clearly provide the method of valuing the 2nd mortgage in the event of a default. The remaining balance of the 1st mortgage is deducted from the fair market value to establish the value to be paid to retire the 2nd mortgage.
3. City agrees that the existing balance of the 1st mortgage affects the current value of the 2nd mortgage.
 - a. We jointly agree to establish the current fair market value of the property.
 - b. The Lowell Terrace partners will proceed to arrange 3rd party financing and within ninety (90) days of 3.a. will pay off the 2nd mortgage.



**City of Manchester
Department of Finance**

One City Hall Plaza
Manchester, New Hampshire 03101
(603) 624-6460
(603) 624-6549 Fax

M E M O R A N D U M

Date: May 30, 2007
To: Board of Mayor and Aldermen
From: William Sanders 
RE: Lowell Terrace Requests

Attached in response to questions and requests at the May 15 BMA meeting are the following documents related to the Lowell Terrace project.

1. The audited partnership financial statements for the years ended June 30, 2006 and June 30, 2005.
2. A four page schedule detailing from inception payments on the \$1,250,000 first mortgage.
3. A summary of interest payments received on the \$250,000 second mortgage.
4. A current amortization schedule through July 2013 for the first mortgage.
5. A copy of Randy Sherman's draft letter of September 18, 2001 regarding Lowell Terrace. This draft letter was referenced at the May 15, 2007 BMA meeting.

We have requested a certificate of insurance and expect to have copies available at the meeting.

LOWELL TERRACE ASSOCIATES

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005

TABLE
OF
CONTENTS

	<u>Page</u>
ACCOUNTANTS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Assets, Liabilities and Partners' Capital – Income Tax Basis	2
Statements of Revenue and Expenses – Income Tax Basis	3 – 4
Statements of Changes in Partners' Capital – Income Tax Basis	5
Statements of Cash Flows - Income Tax Basis	6
Notes to Financial Statements	7 – 9

WILLIAM STEELE & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

40 STARK STREET

MANCHESTER, NEW HAMPSHIRE 03101

OFFICE 603-622-8881

FAX 603-647-4520

To the Partners
Lowell Terrace Associates
Manchester, New Hampshire

We have compiled the accompanying statements of assets, liabilities and capital - income tax basis of Lowell Terrace Associates (a partnership) as of December 31, 2006 and 2005, and the related statements of revenue and expenses, partners' capital and cash flows - income tax basis for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

William Steele & Associates, P.C.

Manchester, New Hampshire
May 18, 2007

LOWELL TERRACE ASSOCIATES
STATEMENTS OF ASSETS, LIABILITIES AND PARTNERS' CAPITAL -
INCOME TAX BASIS
DECEMBER 31, 2006 AND 2005

ASSETS

	<u>2006</u>	<u>2005</u>
CURRENT ASSETS		
Cash	\$ 108,715	\$ 116,665
Cash - security deposits	14,029	16,791
Due from Metropolis	3,302	-
	126,046	133,456
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT		
Land	50,000	50,000
Building and improvements	1,782,305	1,776,108
Furniture and fixtures	21,429	21,429
	1,853,734	1,847,537
Less: accumulated depreciation	(1,790,565)	(1,786,497)
	63,169	61,040
NET PROPERTY AND EQUIPMENT		
TOTAL ASSETS	\$ 189,215	\$ 194,496

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES		
Security deposits payable	\$ 14,209	\$ 16,971
Current portion of notes payable	318,777	316,747
	332,986	333,718
TOTAL CURRENT LIABILITIES		
LONG-TERM LIABILITIES		
Notes payable, net of current portion	602,764	671,541
	935,750	1,005,259
TOTAL LIABILITIES		
PARTNERS' CAPITAL (DEFICIT)	(746,535)	(810,763)
TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$ 189,215	\$ 194,496

See Accountants' Compilation Report and Notes to Financial Statements

LOWELL TERRACE ASSOCIATES
STATEMENTS OF REVENUE AND EXPENSES -
INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
REVENUE		
Rental income	\$ 267,603	\$ 274,258
Other income	<u>2,231</u>	<u>2,174</u>
 TOTAL REVENUE	 <u>269,834</u>	 <u>276,432</u>
 OPERATING EXPENSES		
Real estate taxes	38,300	35,614
Gas	34,893	25,623
Repairs and maintenance	22,640	13,073
Management fees	20,604	18,449
Interest	15,882	29,852
Electricity	12,116	10,046
Insurance	10,038	9,540
Water and sewer	9,303	11,758
Accounting fees	9,261	3,075
Janitorial service	6,351	8,861
Exterminator	4,305	2,600
Depreciation	4,068	4,058
Supplies	3,883	3,171
Fire alarm	2,680	2,659
Waste disposal	2,160	2,160
Filing fee	1,315	-
Bank charges	1,279	1,480
General partner fees	1,200	1,200
Legal fees	1,156	-
Appliances	898	-
Central business district tax	828	804
Rental equipment	571	-
Grounds maintenance	475	1,620
Advertising	461	752
Telephone	375	317
Entertainment	240	67
Rental incentive plan fee	100	-
Foreign tax expense	38	13
Amortization	<u>-</u>	<u>2,250</u>
 TOTAL OPERATING EXPENSES	 <u>\$ 205,420</u>	 <u>\$ 189,042</u>

See Accountants' Compilation Report and Notes to Financial Statements

LOWELL TERRACE ASSOCIATES
STATEMENTS OF REVENUE AND EXPENSES -
INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
INCOME FROM OPERATIONS	64,414	87,390
INTEREST AND DIVIDEND INCOME	2,266	2,842
GAIN ON SALE OF SECURITIES	<u>2,640</u>	<u>-</u>
INCOME BEFORE STATE TAXES	69,320	90,232
STATE TAXES PAID	<u>(5,092)</u>	<u>(11,298)</u>
NET INCOME	<u>\$ 64,228</u>	<u>\$ 78,934</u>

See Accountants' Compilation Report and Notes to Financial Statements

LOWELL TERRACE ASSOCIATES
STATEMENTS OF CHANGES IN PARTNERS' CAPITAL (DEFICIENCY) -
INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

BALANCE, December 31, 2004	\$ (847,697)
Net Income	78,934
Cash Distributions to Partners	(42,000)
	(810,763)
BALANCE, December 31, 2005	(810,763)
Net Income	64,228
Cash Distributions to Partners	-
	-
BALANCE, December 31, 2006	\$ (746,535)

See Accountants' Compilation Report and Notes to Financial Statements

LOWELL TERRACE ASSOCIATES
 STATEMENTS OF CASH FLOWS -
 INCOME TAX BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 64,228	\$ 78,934
Adjustments to reconcile net income to net cash from operations:		
Depreciation	4,068	4,058
Amortization	-	2,250
Increase (decrease) in assets and liabilities:		
Security deposits payable	(2,762)	(1,850)
Due from Metropolis	(3,302)	-
	<u>62,232</u>	<u>83,392</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of new equipment and improvements	(6,197)	(1,118)
Principal payments on notes payable	(66,747)	(64,777)
Cash distributions to partners	-	(42,000)
	<u>(72,944)</u>	<u>(107,895)</u>
NET CASH USED BY FINANCING ACTIVITIES		
NET DECREASE IN CASH	(10,712)	(24,503)
CASH, BEGINNING OF YEAR	<u>133,456</u>	<u>157,959</u>
CASH, END OF YEAR	<u>\$ 122,744</u>	<u>\$ 133,456</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<u>2006</u>	<u>2005</u>
Cash paid during the year for:		
Interest	\$ 15,882	\$ 29,852
State Taxes, net of refunds	\$ 5,092	\$ 11,298

See Accountants' Compilation Report and Notes to Financial Statements

**LOWELL TERRACE ASSOCIATES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

NOTE 1. THE PARTNERSHIP

Lowell Terrace Associates is a New Hampshire general partnership formed on September 1, 1984 for the purpose of managing and investing in real estate for its own purposes or on behalf of others. During 1986, the Partnership, through a related party (See Note 5), completed the construction of a 63-unit low-income housing project in Manchester, New Hampshire. Occupancy in units of the project includes leases whose rent levels conform to the Section 8 Existing Program offered by the United States Department of Housing and Urban Development. This project is presently the Partnership's only investment.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Partnership's policy is to prepare its financial statements on the accounting basis used for income tax purposes, generally on the basis of cash receipts and disbursements. On such basis, the financial statements do not include rents accrued or uncollected, or accounts payable for services billed but unpaid and other accrued liabilities. These policies differ from generally accepted accounting principles whereby income and the related assets are recognized when earned and certain expenses are recognized when the related obligations are incurred.

Depreciation

Depreciation is computed using straight-line and accelerated methods over lives ranging from five to twenty-eight years.

Deferred Costs

Financing fees have been amortized over the term (20 years) of the underlying indebtedness to which it relates.

Income Taxes

Lowell Terrace Associates is treated as a Partnership for federal income tax purposes and does not incur federal income taxes. Instead, the Partnership's profits and losses are reported in the individual partners' tax return. The Partnership is liable for state income taxes and state business taxes. When state taxes are paid by the Partnership, such taxes are reflected in the partners' distributive share of income or loss.

Concentration of Credit Risk

The Partnership occasionally maintains deposits in excess of Federally insured limits. Statements of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

**LOWELL TERRACE ASSOCIATES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Reclassifications

Certain amounts in the December 31, 2005 financial statements have been reclassified to conform to the December 31, 2006 presentation.

NOTE 3. NOTES PAYABLE

Notes payable at December 31, 2006 and 2005 consist of the following:

	<u>2006</u>	<u>2005</u>
\$1,500,000 Promissory Note dated December 1984, (as amended and modified) with the following terms and conditions:		
\$1,250,000 of the Promissory Note bears interest at 3%; payable in monthly installments of \$6,886; matures July 2013. The note is secured by a first mortgage on the project and the personal guarantees of the partners.	\$ 493,064	\$ 559,811
\$250,000 of the Promissory Note requires annual interest payments commencing in 1987 equal to 50% of the net cash flows of the project, as defined; a balloon payment of principal and interest is due under the terms of the original note 20 years after completion of construction equal to one-half (1/2) of the fair market value of the property at that date. The note is secured by a first mortgage on the project and the personal guarantees of the partners. Interest payments of \$12,000 were made in 2005.	250,000	250,000
Note payable to a partner; principal due on demand, interest at 10.5% per annum; collateralized by a mortgage on the project. No payments were made on this note during 2006 and 2005.	80,000	80,000

**LOWELL TERRACE ASSOCIATES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

NOTE 3. NOTES PAYABLE (continued)

	<u>2006</u>	<u>2005</u>
Other unsecured notes payable due to affiliated entities and partners of the Partnership, with no repayment terms or rates of interest specified.	<u>\$ 98,477</u>	<u>\$ 98,477</u>
	921,541	988,288
Less: current portion due within one year	<u>(318,777)</u>	<u>(316,747)</u>
	<u>\$ 602,764</u>	<u>\$ 671,541</u>

The aggregate amount of future principal payments on partnership debt at December 31, 2006 are as follows:

Year Ending	
December 31,	
2007	\$318,777
2008	70,869
2009	73,025
2010	75,246
2011	77,534
2012 and thereafter	<u>306,090</u>
Total	<u>\$921,541</u>

NOTE 4. RELATED PARTY TRANSACTIONS

The Partnership receives property management services (for a management fee determined at 7% of rental income) from a related entity. The Partnership paid \$1,200 during 2006 and 2005 to an entity controlled by one of the partners for extraordinary general partner services. In addition, as discussed in Note 3, the Partnership is obligated to the partners and various other related parties in the amount of \$178,477 at December 31, 2006 and 2005.

Lowell Terrace
Payments on \$1,250,000
First Mortgage

NUMBER	DATE PAID	AMOUNT PAID
1	5/17/89	7,829.69
2	6/6/89	7,829.69
3	7/17/89	7,829.69
4	8/10/89	7,829.69
5	9/13/89	7,829.69
6	11/22/89	7,829.69
7	11/22/89	7,829.69
8	12/13/89	7,829.69
9	1/17/90	7,829.69
10	2/15/90	7,829.69
11	3/15/89	7,829.69
12	4/18/90	7,829.69
13	5/14/90	7,829.69
14	6/14/90	7,829.69
15	7/17/90	7,829.69
16	8/20/90	7,829.69
17	9/12/90	7,829.69
18	10/26/90	7,829.69
19	11/19/90	7,829.69
20	12/24/90	7,829.69
21	1/15/91	7,829.69
22	2/21/91	7,829.69
23	3/14/91	7,829.69
24	4/15/91	7,829.69
25	5/20/91	7,829.69
26	6/13/91	7,829.69
27	7/30/91	7,829.69
28	8/15/91	7,829.69
29	9/16/91	7,829.69
30	10/21/91	7,829.69
31	11/18/91	7,829.69
32	12/13/91	7,829.69
33	1/15/92	7,829.69
34	2/19/92	7,829.69
35	3/6/92	7,829.69
36	4/16/92	7,829.69
37	5/14/92	7,829.69
38	6/15/92	7,829.69
39	7/31/92	7,829.69
40	8/12/92	7,829.69
41	8/19/92	7,829.69
42	9/22/92	7,829.69
43	10/13/92	7,829.69
44	11/17/92	7,829.69
45	12/11/92	7,829.69
46	1/12/93	7,829.69
47	2/11/93	7,829.69
48	3/11/93	7,829.69
49	4/13/93	7,829.69
50	5/11/93	7,829.69

6-21

51	6/11/93	7,829.69
52	7/14/93	7,829.69
53	8/9/93	7,829.69
54	9/9/93	7,829.69
55	10/14/93	7,829.69
56	11/19/93	7,829.69
57	12/13/93	7,829.69
58	1/6/94	7,829.69
59	2/16/94	7,829.69
60	3/11/94	7,829.69
61	4/13/94	7,829.69
62	5/25/94	7,829.69
63	6/30/94	7,829.69
64	8/15/94	7,829.69
65	10/14/94	7,829.69
66	10/14/94	7,829.69
67	11/28/94	7,829.69
68	12/29/94	7,829.69
69	1/31/95	7,829.69
70	4/10/95	2,500.00
71	5/9/95	2,500.00
72	6/15/95	2,500.00
73	7/15/95	2,500.00
74	8/15/95	2,500.00
75	9/14/95	2,500.00
76	10/20/95	2,500.00
77	11/20/95	2,500.00
78	12/26/95	2,500.00
79	1/19/96	2,500.00
80	2/20/96	2,500.00
81	3/18/96	2,500.00
82	4/18/96	2,500.00
83	5/13/96	2,500.00
84	6/11/96	2,500.00
85	7/12/96	2,500.00
86	8/15/96	2,500.00
87	9/13/96	2,500.00
88	10/96	2,500.00
89	11/19/96	2,500.00
90	12/10/96	2,500.00
91	1/24/97	2,500.00
92	3/17/97	2,500.00
93	4/15/97	2,500.00
94	5/16/97	2,500.00
95	06/19/97	2,500.00
96	07/21/97	2,500.00
97	8/19/97	2,500.00
98	09/23/97	2,500.00
99	10/16/97	2,500.00
100	11/20/97	2,500.00
101	12/12/97	2,500.00
102	1/26/98	2,500.00
103	2/18/98	2,500.00
104	3/17/98	2,500.00
105	4/16/98	2,500.00
106	5/13/98	2,500.00
107	6/16/98	2,500.00
108	8/7/98	6,885.71

b-22

109	9/3/98	6,885.71
110	copy of check not made	6,885.71
111	11/6/98	6,885.71
112	12/3/98	6,885.71
113	1/5/99	6,885.71
114	2/8/99	6,885.71
115	3/8/99	6,885.71
116	4/08/99	6,885.71
117	5/17/99	6,885.71
118	6/30/99	6,885.71
119	7/6/99	6,885.71
120	8/3/99	6,885.71
121	9/2/99	6,885.71
122	10/5/99	6,885.71
123	11/4/99	6,885.71
124	12/2/99	6,885.71
125	1/6/00	6,885.71
126	2/3/0	6,885.71
127	3/1/00	6,885.71
128	4/6/00	6,885.71
129	5/4/00	6,885.71
130	6/1/00	6,885.71
131	7/6/00	6,885.71
132	8/8/00	6,885.71
133	9/7/00	6,885.71
134	10/5/00	6,885.71
135	10/2/00	6,885.71
136	12/5/00	6,885.71
137	01/05/01	6,885.71
138	02/07/01	6,885.71
139	03/12/01	6,885.71
140	4/6/01	6,885.71
141	05/07/01	6,885.71
142	06/06/01	6,885.71
143	07/10/01	6,885.71
144	08/02/01	6,885.71
145	09/06/01	6,885.71
146	10/04/01	6,885.71
147	11/02/01	6,885.71
148	12/6/01	6,885.71
149	1/3/02	6,885.71
150	2/7/02	6,885.71
151	3/14/02	6,885.71
152	4/4/02	6,885.71
153	5/9/02	6,885.71
154	6/6/02	6,885.71
155	07/02/02	6,885.71
156	08/02/02	6,885.71
157	9/5/02	6,885.71
158	10/03/02	6,885.71
159	11/4/02	6,885.71
160	12/05/02	6,885.71
161	01/02/03	6,885.71
162	02/06/03	6,885.71
163	3/6/03	6,885.71
164	4/10/03	6,885.71
165	5/8/03	6,885.71
166	6/5/03	6,885.71

167	7/3/03	6,885.71
168	08/07/03	6,885.71
169	9/7/03	6,885.71
170	10/02/03	6,885.71
171	11/07/03	6,885.71
172	12/5/03	6,885.71
173	01/08/04	6,885.71
174	2/5/04	6,885.71
175	3/4/04	6,885.71
176	4/1/04	6,885.71
177	5/6/04	6,885.71
178	6/3/04	6,885.71
179	7/9/04	6,885.71
180	8/5/04	6,885.71
181	9/2/04	6,885.71
182	10/7/04	6,885.71
183	11/4/04	6,885.71
184	12/2/04	6,885.71
185	1/6/05	6,885.71
186	2/3/05	6,885.71
187	03/05/05	6,885.71
188	4/7/05	6,885.71
189	5/5/05	6,885.71
190	6/2/05	6,885.71
191	7/7/05	6,885.71
192	8/4/05	6,885.71
193	9/1/05	6,885.71
194	10/6/05	6,885.71
195	11/4/05	6,885.71
196	12/2/05	6,885.71
197	1/6/06	6,885.71
198	2/2/06	6,885.71
199	3/3/06	6,885.71
200	4/6/06	6,885.71
201	5/4/06	6,885.71
202	6/1/06	6,885.71
203	7/7/06	6,885.71
204	8/4/06	6,885.71
205	9/7/06	6,885.71
206	10/5/06	6,885.71
207	11/1/06	6,885.71
208	12/8/06	6,885.71
209	1/2/07	6,885.71
210	2/1/07	6,885.71
211	3/9/07	6,885.71
212	4/5/07	6,885.71
Total		\$1,351,362.45
Total Interest		\$571,730.05
Total Principal		\$779,632.40
Total Paid		\$1,351,362.45

Lowell Terrace

Interest Payments on \$250,000 Second Mortgage

Fiscal Year	Amount
2007	0
2006	12,000
2005	30,000
2004	25,000
2003	90,000
2001	35,293
Total Received	\$192,293

Wes
5/30/07

CDBG PROGRAM INCOME				Principal Amount	\$ 997,087.76
LOWELL TERRACE				Years to Maturity	15
				# of Payments	180
				Interest Rate	3.00%
				Pmts per year	12
				Year of Loan	
				Payment	\$6,885.71
#	Date	Payment	Interest	Principal	Balance
1	Aug-98	\$6,885.71	\$ 2,492.72	\$ 4,392.99	\$ 997,087.76
2	Sep-98	\$6,885.71	\$ 2,481.74	\$ 4,403.97	\$ 992,694.77
3	Oct-98	\$6,885.71	\$ 2,470.73	\$ 4,414.98	\$ 988,290.81
4	Nov-98	\$6,885.71	\$ 2,459.69	\$ 4,426.02	\$ 983,875.83
5	Dec-98	\$6,885.71	\$ 2,448.62	\$ 4,437.08	\$ 979,449.81
6	Jan-99	\$6,885.71	\$ 2,437.53	\$ 4,448.17	\$ 975,012.73
7	Feb-99	\$6,885.71	\$ 2,426.41	\$ 4,459.29	\$ 970,564.56
8	Mar-99	\$6,885.71	\$ 2,415.26	\$ 4,470.44	\$ 966,105.27
9	Apr-99	\$6,885.71	\$ 2,404.09	\$ 4,481.62	\$ 961,634.82
10	May-99	\$6,885.71	\$ 2,392.88	\$ 4,492.82	\$ 957,153.21
11	Jun-99	\$6,885.71	\$ 2,381.65	\$ 4,504.05	\$ 952,660.38
12	Jul-99	\$6,885.71	\$ 2,370.39	\$ 4,515.31	\$ 948,156.33
13	Aug-99	\$6,885.71	\$ 2,359.10	\$ 4,526.60	\$ 943,641.02
14	Sep-99	\$6,885.71	\$ 2,347.79	\$ 4,537.92	\$ 939,114.41
15	Oct-99	\$6,885.71	\$ 2,336.44	\$ 4,549.26	\$ 934,576.49
16	Nov-99	\$6,885.71	\$ 2,325.07	\$ 4,560.64	\$ 930,027.23
17	Dec-99	\$6,885.71	\$ 2,313.67	\$ 4,572.04	\$ 925,466.59
18	Jan-00	\$6,885.71	\$ 2,302.24	\$ 4,583.47	\$ 920,894.55
19	Feb-00	\$6,885.71	\$ 2,290.78	\$ 4,594.93	\$ 916,311.09
20	Mar-00	\$6,885.71	\$ 2,279.29	\$ 4,606.41	\$ 911,716.16
21	Apr-00	\$6,885.71	\$ 2,267.77	\$ 4,617.93	\$ 907,109.74
22	May-00	\$6,885.71	\$ 2,256.23	\$ 4,629.48	\$ 902,491.81
23	Jun-00	\$6,885.71	\$ 2,244.66	\$ 4,641.05	\$ 897,862.34
24	Jul-00	\$6,885.71	\$ 2,233.05	\$ 4,652.65	\$ 893,221.29
25	Aug-00	\$6,885.71	\$ 2,221.42	\$ 4,664.28	\$ 888,568.64
26	Sep-00	\$6,885.71	\$ 2,209.76	\$ 4,675.94	\$ 883,904.35
27	Oct-00	\$6,885.71	\$ 2,198.07	\$ 4,687.63	\$ 879,228.41
28	Nov-00	\$6,885.71	\$ 2,186.35	\$ 4,699.35	\$ 874,540.78
29	Dec-00	\$6,885.71	\$ 2,174.60	\$ 4,711.10	\$ 869,841.42
30	Jan-01	\$6,885.71	\$ 2,162.83	\$ 4,722.88	\$ 865,130.32
31	Feb-01	\$6,885.71	\$ 2,151.02	\$ 4,734.69	\$ 860,407.44
32	Mar-01	\$6,885.71	\$ 2,139.18	\$ 4,746.52	\$ 855,672.76
33	Apr-01	\$6,885.71	\$ 2,127.32	\$ 4,758.39	\$ 850,926.23
34	May-01	\$6,885.71	\$ 2,115.42	\$ 4,770.29	\$ 846,167.84
35	Jun-01	\$6,885.71	\$ 2,103.49	\$ 4,782.21	\$ 841,397.56
36	Jul-01	\$6,885.71	\$ 2,091.54	\$ 4,794.17	\$ 836,615.35
37	Aug-01	\$6,885.71	\$ 2,079.55	\$ 4,806.15	\$ 831,821.18
38	Sep-01	\$6,885.71	\$ 2,067.54	\$ 4,818.17	\$ 827,015.03
39	Oct-01	\$6,885.71	\$ 2,055.49	\$ 4,830.21	\$ 822,196.86
40	Nov-01	\$6,885.71	\$ 2,043.42	\$ 4,842.29	\$ 817,366.65
41	Dec-01	\$6,885.71	\$ 2,031.31	\$ 4,854.39	\$ 812,524.36
42	Jan-02	\$6,885.71	\$ 2,019.17	\$ 4,866.53	\$ 807,669.97
43	Feb-02	\$6,885.71	\$ 2,007.01	\$ 4,878.70	\$ 802,803.44
44	Mar-02	\$6,885.71	\$ 1,994.81	\$ 4,890.89	\$ 797,924.74
					\$ 793,033.85

Lowell Terrace

6-26

CDBG PROGRAM INCOME			Principal Amount	\$	997,087.76
LOWELL TERRACE			Years to Maturity		15
			# of Payments		180
			Interest Rate		3.00%
			Pmts per year		12
			Year of Loan		
			Payment		\$6,885.71
#	Date	Payment	Interest	Principal	Balance
45	Apr-02	\$6,885.71	\$ 1,982.58	\$ 4,903.12	\$ 788,130.73
46	May-02	\$6,885.71	\$ 1,970.33	\$ 4,915.38	\$ 783,215.35
47	Jun-02	\$6,885.71	\$ 1,958.04	\$ 4,927.67	\$ 778,287.68
48	Jul-02	\$6,885.71	\$ 1,945.72	\$ 4,939.99	\$ 773,347.69
49	Aug-02	\$6,885.71	\$ 1,933.37	\$ 4,952.34	\$ 768,395.36
50	Sep-02	\$6,885.71	\$ 1,920.99	\$ 4,964.72	\$ 763,430.64
51	Oct-02	\$6,885.71	\$ 1,908.58	\$ 4,977.13	\$ 758,453.51
52	Nov-02	\$6,885.71	\$ 1,896.13	\$ 4,989.57	\$ 753,463.94
53	Dec-02	\$6,885.71	\$ 1,883.66	\$ 5,002.05	\$ 748,461.90
54	Jan-03	\$6,885.71	\$ 1,871.15	\$ 5,014.55	\$ 743,447.35
55	Feb-03	\$6,885.71	\$ 1,858.62	\$ 5,027.09	\$ 738,420.26
56	Mar-03	\$6,885.71	\$ 1,846.05	\$ 5,039.65	\$ 733,380.61
57	Apr-03	\$6,885.71	\$ 1,833.45	\$ 5,052.25	\$ 728,328.35
58	May-03	\$6,885.71	\$ 1,820.82	\$ 5,064.88	\$ 723,263.47
59	Jun-03	\$6,885.71	\$ 1,808.16	\$ 5,077.55	\$ 718,185.92
60	Jul-03	\$6,885.71	\$ 1,795.46	\$ 5,090.24	\$ 713,095.68
61	Aug-03	\$6,885.71	\$ 1,782.74	\$ 5,102.97	\$ 707,992.72
62	Sep-03	\$6,885.71	\$ 1,769.98	\$ 5,115.72	\$ 702,876.99
63	Oct-03	\$6,885.71	\$ 1,757.19	\$ 5,128.51	\$ 697,748.48
64	Nov-03	\$6,885.71	\$ 1,744.37	\$ 5,141.33	\$ 692,607.15
65	Dec-03	\$6,885.71	\$ 1,731.52	\$ 5,154.19	\$ 687,452.96
66	Jan-04	\$6,885.71	\$ 1,718.63	\$ 5,167.07	\$ 682,285.89
67	Feb-04	\$6,885.71	\$ 1,705.71	\$ 5,179.99	\$ 677,105.90
68	Mar-04	\$6,885.71	\$ 1,692.76	\$ 5,192.94	\$ 671,912.96
69	Apr-04	\$6,885.71	\$ 1,679.78	\$ 5,205.92	\$ 666,707.03
70	May-04	\$6,885.71	\$ 1,666.77	\$ 5,218.94	\$ 661,488.10
71	Jun-04	\$6,885.71	\$ 1,653.72	\$ 5,231.98	\$ 656,256.11
72	Jul-04	\$6,885.71	\$ 1,640.64	\$ 5,245.06	\$ 651,011.05
73	Aug-04	\$6,885.71	\$ 1,627.53	\$ 5,258.18	\$ 645,752.87
74	Sep-04	\$6,885.71	\$ 1,614.38	\$ 5,271.32	\$ 640,481.55
75	Oct-04	\$6,885.71	\$ 1,601.20	\$ 5,284.50	\$ 635,197.05
76	Nov-04	\$6,885.71	\$ 1,587.99	\$ 5,297.71	\$ 629,899.33
77	Dec-04	\$6,885.71	\$ 1,574.75	\$ 5,310.96	\$ 624,588.38
78	Jan-05	\$6,885.71	\$ 1,561.47	\$ 5,324.23	\$ 619,264.14
79	Feb-05	\$6,885.71	\$ 1,548.16	\$ 5,337.54	\$ 613,926.60
80	Mar-05	\$6,885.71	\$ 1,534.82	\$ 5,350.89	\$ 608,575.71
81	Apr-05	\$6,885.71	\$ 1,521.44	\$ 5,364.27	\$ 603,211.44
82	May-05	\$6,885.71	\$ 1,508.03	\$ 5,377.68	\$ 597,833.77
83	Jun-05	\$6,885.71	\$ 1,494.58	\$ 5,391.12	\$ 592,442.65
84	Jul-05	\$6,885.71	\$ 1,481.11	\$ 5,404.60	\$ 587,038.05
85	Aug-05	\$6,885.71	\$ 1,467.60	\$ 5,418.11	\$ 581,619.94
86	Sep-05	\$6,885.71	\$ 1,454.05	\$ 5,431.66	\$ 576,188.28
87	Oct-05	\$6,885.71	\$ 1,440.47	\$ 5,445.23	\$ 570,743.05
88	Nov-05	\$6,885.71	\$ 1,426.86	\$ 5,458.85	\$ 565,284.20
89	Dec-05	\$6,885.71	\$ 1,413.21	\$ 5,472.49	\$ 559,811.71

Lowell Terrace

CDBG PROGRAM INCOME			Principal Amount	\$	997,087.76
LOWELL TERRACE			Years to Maturity		15
			# of Payments		180
			Interest Rate		3.00%
			Pmts per year		12
			Year of Loan		
			Payment		\$6,885.71
#	Date	Payment	Interest	Principal	Balance
90	Jan-06	\$6,885.71	\$ 1,399.53	\$ 5,486.18	\$ 554,325.53
91	Feb-06	\$6,885.71	\$ 1,385.81	\$ 5,499.89	\$ 548,825.64
92	Mar-06	\$6,885.71	\$ 1,372.06	\$ 5,513.64	\$ 543,312.00
93	Apr-06	\$6,885.71	\$ 1,358.28	\$ 5,527.43	\$ 537,784.57
94	May-06	\$6,885.71	\$ 1,344.46	\$ 5,541.24	\$ 532,243.33
95	Jun-06	\$6,885.71	\$ 1,330.61	\$ 5,555.10	\$ 526,688.23
96	Jul-06	\$6,885.71	\$ 1,316.72	\$ 5,568.98	\$ 521,119.25
97	Aug-06	\$6,885.71	\$ 1,302.80	\$ 5,582.91	\$ 515,536.34
98	Sep-06	\$6,885.71	\$ 1,288.84	\$ 5,596.86	\$ 509,939.48
99	Oct-06	\$6,885.71	\$ 1,274.85	\$ 5,610.86	\$ 504,328.62
100	Nov-06	\$6,885.71	\$ 1,260.82	\$ 5,624.88	\$ 498,703.74
101	Dec-06	\$6,885.71	\$ 1,246.76	\$ 5,638.95	\$ 493,064.79
102	Jan-07	\$6,885.71	\$ 1,232.66	\$ 5,653.04	\$ 487,411.75
103	Feb-07	\$6,885.71	\$ 1,218.53	\$ 5,667.18	\$ 481,744.57
104	Mar-07	\$6,885.71	\$ 1,204.36	\$ 5,681.34	\$ 476,063.23
105	Apr-07	\$6,885.71	\$ 1,190.16	\$ 5,695.55	\$ 470,367.68
106	May-07	\$6,885.71	\$ 1,175.92	\$ 5,709.79	\$ 464,657.90
107	Jun-07	\$6,885.71	\$ 1,161.64	\$ 5,724.06	\$ 458,933.84
108	Jul-07	\$6,885.71	\$ 1,147.33	\$ 5,738.37	\$ 453,195.47
109	Aug-07	\$6,885.71	\$ 1,132.99	\$ 5,752.72	\$ 447,442.75
110	Sep-07	\$6,885.71	\$ 1,118.61	\$ 5,767.10	\$ 441,675.65
111	Oct-07	\$6,885.71	\$ 1,104.19	\$ 5,781.52	\$ 435,894.14
112	Nov-07	\$6,885.71	\$ 1,089.74	\$ 5,795.97	\$ 430,098.17
113	Dec-07	\$6,885.71	\$ 1,075.25	\$ 5,810.46	\$ 424,287.71
114	Jan-08	\$6,885.71	\$ 1,060.72	\$ 5,824.99	\$ 418,462.72
115	Feb-08	\$6,885.71	\$ 1,046.16	\$ 5,839.55	\$ 412,623.17
116	Mar-08	\$6,885.71	\$ 1,031.56	\$ 5,854.15	\$ 406,769.03
117	Apr-08	\$6,885.71	\$ 1,016.92	\$ 5,868.78	\$ 400,900.24
118	May-08	\$6,885.71	\$ 1,002.25	\$ 5,883.45	\$ 395,016.79
119	Jun-08	\$6,885.71	\$ 987.54	\$ 5,898.16	\$ 389,118.63
120	Jul-08	\$6,885.71	\$ 972.80	\$ 5,912.91	\$ 383,205.72
121	Aug-08	\$6,885.71	\$ 958.01	\$ 5,927.69	\$ 377,278.03
122	Sep-08	\$6,885.71	\$ 943.20	\$ 5,942.51	\$ 371,335.52
123	Oct-08	\$6,885.71	\$ 928.34	\$ 5,957.37	\$ 365,378.15
124	Nov-08	\$6,885.71	\$ 913.45	\$ 5,972.26	\$ 359,405.89
125	Dec-08	\$6,885.71	\$ 898.51	\$ 5,987.19	\$ 353,418.70
126	Jan-09	\$6,885.71	\$ 883.55	\$ 6,002.16	\$ 347,416.54
127	Feb-09	\$6,885.71	\$ 868.54	\$ 6,017.16	\$ 341,399.38
128	Mar-09	\$6,885.71	\$ 853.50	\$ 6,032.21	\$ 335,367.17
129	Apr-09	\$6,885.71	\$ 838.42	\$ 6,047.29	\$ 329,319.89
130	May-09	\$6,885.71	\$ 823.30	\$ 6,062.41	\$ 323,257.48
131	Jun-09	\$6,885.71	\$ 808.14	\$ 6,077.56	\$ 317,179.92
132	Jul-09	\$6,885.71	\$ 792.95	\$ 6,092.76	\$ 311,087.16
133	Aug-09	\$6,885.71	\$ 777.72	\$ 6,107.99	\$ 304,979.18
134	Sep-09	\$6,885.71	\$ 762.45	\$ 6,123.26	\$ 298,855.92

CDBG PROGRAM INCOME			Principal Amount	\$	997,087.76
LOWELL TERRACE			Years to Maturity		15
			# of Payments		180
			Interest Rate		3.00%
			Pmts per year		12
			Year of Loan		
			Payment		\$6,885.71
#	Date	Payment	Interest	Principal	Balance
135	Oct-09	\$6,885.71	\$ 747.14	\$ 6,138.57	\$ 292,717.35
136	Nov-09	\$6,885.71	\$ 731.79	\$ 6,153.91	\$ 286,563.44
137	Dec-09	\$6,885.71	\$ 716.41	\$ 6,169.30	\$ 280,394.15
138	Jan-10	\$6,885.71	\$ 700.99	\$ 6,184.72	\$ 274,209.43
139	Feb-10	\$6,885.71	\$ 685.52	\$ 6,200.18	\$ 268,009.25
140	Mar-10	\$6,885.71	\$ 670.02	\$ 6,215.68	\$ 261,793.56
141	Apr-10	\$6,885.71	\$ 654.48	\$ 6,231.22	\$ 255,562.34
142	May-10	\$6,885.71	\$ 638.91	\$ 6,246.80	\$ 249,315.54
143	Jun-10	\$6,885.71	\$ 623.29	\$ 6,262.42	\$ 243,053.13
144	Jul-10	\$6,885.71	\$ 607.63	\$ 6,278.07	\$ 236,775.05
145	Aug-10	\$6,885.71	\$ 591.94	\$ 6,293.77	\$ 230,481.29
146	Sep-10	\$6,885.71	\$ 576.20	\$ 6,309.50	\$ 224,171.79
147	Oct-10	\$6,885.71	\$ 560.43	\$ 6,325.28	\$ 217,846.51
148	Nov-10	\$6,885.71	\$ 544.62	\$ 6,341.09	\$ 211,505.42
149	Dec-10	\$6,885.71	\$ 528.76	\$ 6,356.94	\$ 205,148.48
150	Jan-11	\$6,885.71	\$ 512.87	\$ 6,372.83	\$ 198,775.65
151	Feb-11	\$6,885.71	\$ 496.94	\$ 6,388.77	\$ 192,386.88
152	Mar-11	\$6,885.71	\$ 480.97	\$ 6,404.74	\$ 185,982.14
153	Apr-11	\$6,885.71	\$ 464.96	\$ 6,420.75	\$ 179,561.39
154	May-11	\$6,885.71	\$ 448.90	\$ 6,436.80	\$ 173,124.59
155	Jun-11	\$6,885.71	\$ 432.81	\$ 6,452.89	\$ 166,671.70
156	Jul-11	\$6,885.71	\$ 416.68	\$ 6,469.03	\$ 160,202.67
157	Aug-11	\$6,885.71	\$ 400.51	\$ 6,485.20	\$ 153,717.47
158	Sep-11	\$6,885.71	\$ 384.29	\$ 6,501.41	\$ 147,216.06
159	Oct-11	\$6,885.71	\$ 368.04	\$ 6,517.66	\$ 140,698.40
160	Nov-11	\$6,885.71	\$ 351.75	\$ 6,533.96	\$ 134,164.44
161	Dec-11	\$6,885.71	\$ 335.41	\$ 6,550.29	\$ 127,614.14
162	Jan-12	\$6,885.71	\$ 319.04	\$ 6,566.67	\$ 121,047.47
163	Feb-12	\$6,885.71	\$ 302.62	\$ 6,583.09	\$ 114,464.39
164	Mar-12	\$6,885.71	\$ 286.16	\$ 6,599.54	\$ 107,864.84
165	Apr-12	\$6,885.71	\$ 269.66	\$ 6,616.04	\$ 101,248.80
166	May-12	\$6,885.71	\$ 253.12	\$ 6,632.58	\$ 94,616.22
167	Jun-12	\$6,885.71	\$ 236.54	\$ 6,649.16	\$ 87,967.05
168	Jul-12	\$6,885.71	\$ 219.92	\$ 6,665.79	\$ 81,301.27
169	Aug-12	\$6,885.71	\$ 203.25	\$ 6,682.45	\$ 74,618.82
170	Sep-12	\$6,885.71	\$ 186.55	\$ 6,699.16	\$ 67,919.66
171	Oct-12	\$6,885.71	\$ 169.80	\$ 6,715.91	\$ 61,203.75
172	Nov-12	\$6,885.71	\$ 153.01	\$ 6,732.70	\$ 54,471.06
173	Dec-12	\$6,885.71	\$ 136.18	\$ 6,749.53	\$ 47,721.53
174	Jan-13	\$6,885.71	\$ 119.30	\$ 6,766.40	\$ 40,955.13
175	Feb-13	\$6,885.71	\$ 102.39	\$ 6,783.32	\$ 34,171.81
176	Mar-13	\$6,885.71	\$ 85.43	\$ 6,800.28	\$ 27,371.53
177	Apr-13	\$6,885.71	\$ 68.43	\$ 6,817.28	\$ 20,554.26
178	May-13	\$6,885.71	\$ 51.39	\$ 6,834.32	\$ 13,719.94
179	Jun-13	\$6,885.71	\$ 34.30	\$ 6,851.41	\$ 6,868.53

Lowell Terrace

CDBG PROGRAM INCOME			Principal Amount	\$	997,087.76
LOWELL TERRACE			Years to Maturity		15
			# of Payments		180
			Interest Rate		3.00%
			Pmts per year		12
			Year of Loan		
			Payment		\$6,885.71
<u>#</u>	<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
180	Jul-13	\$6,885.71	\$ 17.17	\$ 6,868.53	\$ (0.00)
	Total	\$ 1,239,426.90	\$ 242,339.14	\$ 997,087.76	

Lowell Terrace

Memo

To: Kevin Clougherty, Tom Clark, Bob McKenzie, Jay Taylor
From: Randy M. Sherman
Date: September 18, 2001
Re: Lowell Terrace

At our meeting of September 6, 2001, I was requested to put together a proposal for consideration relative to the Lowell Terrace project. In this regard, I present the following background, comments and recommendations.

Background

- In 1984 the City, through the MHRA, made a loan totaling \$1,500,000 to Lowell Terrace Associates, a New Hampshire General Partnership, for the purposes of rehabilitating a fire damaged building at the northwest corner of Chestnut and Lowell Streets. The loan was comprised of two components: a \$1,250,000 low interest portion resembling a note and a \$250,000 portion resembling a limited-term equity contribution.
- The \$1,250,000 portion was to be amortized at an annual interest rate equal to three (3%) percent over a twenty year period following the completion of the construction. The first three years were interest only, followed by 17 years of monthly payments of \$7,826.69. The promissory note required interest payments to begin no later than June 30, 1985, monthly payments of \$7,826.69 to begin no later than June 30, 1988.
- The \$250,000 portion is to be repaid as a balloon payment 20 years following the completed construction. The payment is to equal one-half of the then current market value. The City was also to receive, for 20 years following construction, as proxy for interest on the \$250,000 portion, an annual payment equal to one-half of the net cash flow from the project.
- A project overrun of approximately \$120,000 was funded by Amoskeag Bank with collateral provided by Carolyn Morgan.
- In September 1988, two dates in the promissory note were amended. The payment dates relative to the payments on the \$1,250,000 portion of the note changed from June 30, 1985 to May 1, 1986 and from June 30, 1988 to May 1, 1989. As part of the same agreement, the parties agreed to establish April 1, 1986 as the date on which construction was completed and the City waived all late charges resulting from construction delays.
- Through December 1993, the City had received scheduled payments leaving the principal balance due on the \$1,250,000 portion at \$967,582. The project, however, was delinquent on property taxes. At this time, the parties amended the promissory note to allow the partnership fifteen months to get the property taxes current. A new amortization schedule was agreed upon allowing final payment to be July 2007. The agreement extended the term fifteen months. Payments were to resume on May 1, 1995.

- In February 1995, the City was informed that the property taxes were current. A proposal was put forward further delaying principal payments an additional 21 months, establishing a process to fund a capital reserve account and setting a payment priority upon fully funding the reserve. During the delayed payment period, monthly interest payments of \$2,500 were due to the City.
- On July 5, 1995, the BMA approved the following changes to the promissory note:
 1. The project property taxes shall remain current.
 2. The project shall pay interest payments of \$2,500 until principal payments resume.
 3. A capital reserve account shall be established with both the City and the owners.
 4. The reserve shall be funded with cash flow in excess of \$5,000 accumulated on a quarterly basis.
 5. When the capital reserve reached \$60,000 or no later than December 31, 1996, principal payments shall resume and any unpaid interest would be added to the principal.
 6. Payments on another note (Carolyn C. Morgan) shall not be made until the reserve is fully funded and the principal payments to the City have resumed.
 7. Any operating surpluses thereafter shall be applied to the principal in order to accelerate payoff of the City loan.
- It is unclear if item #7 conflicts with, or supercedes, the provision for the City to receive one-half of the project cash flow, as a proxy for interest on the \$250,000.
- Monthly payments of principal and interest did not resume on January 1, 1997. The project continued to remit interest only payments, without the consent of the City, until July 1, 1998. At that time, the principal balance was recalculated to be \$997, 088. The payments were set at \$6,885.71 and the amortization schedule was unilaterally extended to July 2013.
- In 1999, the partnership attempted to work a pay-off arrangement with the City. The City calculated the pay-off would be approximately \$1,100,000.
- In 2001, the partnership has made a new proposal relative to the amounts owed the City. The partnership is proposing to continue making monthly payments of \$6,885.71 on the \$1,250,000 loan and begin making monthly payments of \$2,684.70 in November 2001 to amortize the \$250,000 loan. Both loans would be fully paid in the summer of 2013.
- The partnership has further suggested that if the City insists on one-half of the market value, the outstanding loans should be deducted from the amount owed.
- The partnership is current on both taxes and monthly payments on the \$1,250,000 loan.
- The partnership paid cashflow of \$35,293 to the City in July 2001. This amount was intended to cover FY96 through FY2000.
- The partnership has not used operating surpluses to reduce the outstanding principal.
- No payments to Carolyn Morgan have been made since 1994. The note has a current balance of \$21,275.

- Using the revaluation as a proxy for market value, the current value is \$1,359,000.

Financial Statements

- The City has received copies of financial statements for the years 1996-2000.
- The statements are compilations only and presented on a tax basis.
- The statements indicate that on December 31, 1996, the capital reserve was funded at \$59,113. At December 31, 2000, the capital reserve had grown to \$260,556.
- The statements indicated that on December 31, 1995, the partnership had \$75,233 in cash of which \$9,573 represented security deposits. The December 31, 2000 balance was \$339,060 of which \$17,705 represented security deposits.
- At December 31, 2000, the partner's accumulated deficit is \$886,845.
- At December 31, 2000, accumulated depreciation equals \$1,727,996 or 95% of property book value.

Tax issues

- At the September 7, 2001 meeting, Peter Morgan stated that now that the project is turning a profit, the partners are making tax payments although they are not making any withdrawals from the partnership.
- The financial statements are reflective of the tax status of the partners. The accumulated deficit has been taken as a tax loss. At even a 30% tax bracket, the partners have received tax savings of roughly \$266,000. Most of this is related to the depreciation on the assets that were paid for from the City's loan.

Recommendation

- The partnership should remit one-half of the December 31, 2000 cash balance, net of security deposits and \$60,000 for a capital reserve fund, to the City representing past due interest on the \$250,000 portion of the loan. This payment would be \$130,677.
- Alternatively, this cash could be used to reduce principal based on the 1995 amendment.
- In the short term, the partnership should maintain the capital reserve at a \$60,000 limit. An independent analysis should be conducted to determine the proper amount going forward.
- One-half of the 2001 cash flow and all subsequent cash flows, net security deposits and deposits or withdrawals to the capital reserve fund, should be remitted to the City.
- The partnership does not have adequate cash to meet the buy-out requirement. The City should allow the partnership the option of amortizing one-half of the market value. The amortization may be over an extended period at a market rate of interest. The partners have recommended twelve years at 7.5%. The partnership may not have sufficient cash flow to meet this type of payment (approximately \$7,250 / month based on current value). A longer term with a lower rate most likely would be required

- If the partners wish to escalate the buy-out, the City should allow the partners the option. This would allow the partnership to reduce the interest paid from one-half cash flow to a more predictable amount based on the market value of the property, the interest rate and the amortization period. This also would allow the partnership to lock-in the buildings value and avoid future escalation.
- The buy-out amount should not be adjusted for the outstanding debt. The partners extended the term unilaterally. It is clear that the debt was to be fully paid at the time of the buy-out and, therefore, the outstanding balance should not be considered.
- The Carolyn Morgan note remains subordinate to the City obligations.

ACORD™ EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YY)
05/31/07

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER USI New England PO Box 6360 Manchester, NH 03108		PHONE (A/C. No., Ext.): 603 625-1100	COMPANY Vermont Mutual PO Box 188 Montpelier, VT 05602	
CODE: AGENCY CUSTOMER ID #: 22152		SUB CODE:		
INSURED Lowell Terrace Associates 70 Lowell Street Manchester, NH 03101		LOAN NUMBER	POLICY NUMBER BP17020511	
		EFFECTIVE DATE 05/18/07	EXPIRATION DATE 05/18/08	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
THIS REPLACES PRIOR EVIDENCE DATED:				

PROPERTY INFORMATION
 LOCATION/DESCRIPTION
 70-80 Lowell St.
 Manchester, NH 03101

COVERAGE INFORMATION		
COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Building #: 1 Sixty Three Unit Apt Coverage: Building Cause: Special (Including Theft)	\$3,047,500	\$1,000

REMARKS (Including Special Conditions)

CANCELLATION
 THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 10 DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST

NAME AND ADDRESS City of Manchester 1 City Hall Plaza Manchester, NH 03101	<input checked="" type="checkbox"/> MORTGAGEE	<input type="checkbox"/> ADDITIONAL INSURED
	<input type="checkbox"/> LOSS PAYEE	
LOAN #		
AUTHORIZED REPRESENTATIVE		

6-35



**City of Manchester
Department of Finance**

One City Hall Plaza
Manchester, New Hampshire 03101
Phone: (603) 624-6460
Fax: (603) 624-6549

July 10, 2007

Honorable Board of Mayor and Aldermen
C/o Leo Bernier, City Clerk
One City Hall plaza
Manchester, NH 03101

Dear Honorable Board:

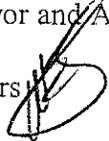
This letter serves to advise that we have not yet received the building level financial information for Lowell Terrace. We have informed Mr. Morgan that this information has been requested by the Aldermen. Mr. Morgan has advised that the information will be forthcoming but we have yet to receive it. Failure to provide this information is a violation of section 9 of the Mortgage & Security Agreement.

Respectfully submitted,

William E. Sanders
Finance Officer

Cc: Thomas R. Clark, City Solicitor

To: Board of Mayor and Alderman

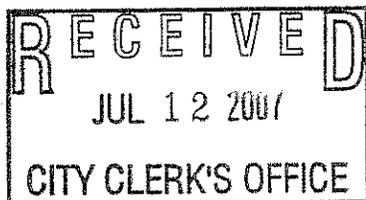
From: Bill Sanders 

Date: July 12, 2007

Subject: Lowell Street Operating Statements

As requested, attached are building level operating statements for Lowell Terrace for the years 2004 through 2006 provided by Mr. Peter Morgan.

Cc; Tom Clark



Lowell Terrace
 Building Operating Statements
 For the years ended December 31, 2006, 2005 & 2004

	<u>2006</u>	<u>2005</u>	<u>2004</u>
REVENUE			
Rental Income	\$ 267,603	\$ 274,258	\$ 298,067
Other Income	2,231	2,174	2,663
TOTAL REVENUE	<u>\$ 269,834</u>	<u>\$ 276,432</u>	<u>\$ 300,730</u>
OPERATING EXPENSES			
Real Estate Taxes	\$ 38,300	\$ 35,614	\$ 29,346
Gas	34,893	25,623	28,602
Repairs & Maintenance	22,640	13,073	12,396
Management Fees	20,604	18,449	20,866
Interest	15,882	29,852	50,121
Electricity	12,116	10,046	10,497
Insurance	10,038	9,540	9,019
Water & Sewer	9,303	11,758	11,384
Accounting Fees	9,261	3,075	3,255
Janitorial Services	6,351	8,861	7,121
Exterminator	4,305	2,600	1,728
Depreciation	4,068	4,058	12,228
Supplies	3,883	3,171	2,411
Fire Alarm	2,680	2,659	2,832
Waste Disposal	2,160	2,160	2,160
Licenses and Fees	1,315		70
Bank Charges	1,279	1,480	1,754
General Partner Fees	1,200	1,200	1,200
Legal Fees	1,156		4,434
Appliances	898		
Central Business District Tax	828	804	1,656
Rental Equipment	571		
Grounds Maintenance	475	1,620	850
Advertising	461	752	622
Telephone	375	317	374
Entertainment	240	67	325
Rental Incentive Plan Fee	100		
Foreign Tax Expense	38	13	13
Amortization		2,250	2,250
TOTAL OPERATING EXPENSES	<u>\$ 205,420</u>	<u>\$ 189,042</u>	<u>\$ 217,514</u>
Income From Building Operations	<u>\$ 64,414</u>	<u>\$ 87,390</u>	<u>\$ 83,216</u>



MANCHESTER WATER WORKS

281 LINCOLN ST., MANCHESTER, NEW HAMPSHIRE 03103-5093 Tel. (603) 624-6494

BOARD OF WATER COMMISSIONERS

C. ARTHUR SOUCY
President

RICHARD M. BUNKER
Clerk

LOUIS C. D'ALLESANDRO
DYLAN R. CRUESS
WILLIAM A. BEATON
PATRICK J. JORDAN

Ex Officio
HON. FRANK C. GUINTA
Mayor

THOMAS M. BOWEN, P.E.
Director and Chief Engineer

ROBERT BEAURIVAGE, P.E.
Asst. Director

July 28, 2008

Ald. George Smith
Chairman
Committee on Lands and Building
c/o Office of City Clerk
City of Manchester
One City Hall Plaza
Manchester, NH 03101

RE: CYNTHIA BARRINGER PROPERTY, 316 MANCHESTER RD., AUBURN, NH

Dear Alderman:

The Board of Water Commissioners at their meeting on Wednesday, July 23, 2008 authorized the purchase of a .2-acre parcel of land and building at 316 Manchester Road, Auburn, NH, further identified as Map 7, Lot 21. This property, which recently came on the market, has approximately 60 feet of lakeshore frontage and is of significant value to the Manchester Water Works for the purpose of watershed protection, the elimination of a septic system in very close proximity to the shoreline of Lake Massabesic and the possible elimination of erosion emanating from an access road leading to the property.

In accordance with City Ordinance, the property has been inspected by David Cornell, Assessor, and he has placed a fair market value on the property within the range of \$220,000 to \$240,000. The assessed valuation according to the records of the Town of Auburn is \$276,400.

Attached for your information is a copy of the Sale Perspective with photographs which identifies the location of the property off Manchester Road approximately 1.25 miles east of the Massabesic Traffic Circle. Also enclosed is a copy of a Purchase and Sales Agreement executed by the parties at the agreed upon sales price of \$235,000. This document has previously been reviewed by Tom Arnold of the Solicitor's Office. Funding for the purchase is available from a land reserve account established by the Board of Water Commissioners.

It is therefore respectfully requested that the Committee concur with the purchase of the property and forward your recommendation on to the full Board at your earliest possible opportunity.

Sincerely,

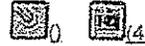
Thomas M. Bowen, P.E.
Director

Enclosure

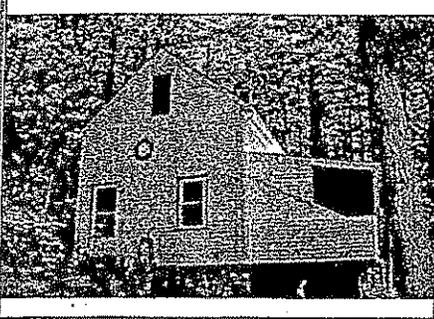
cc: Robert Beaurivage, P.E.
David Cornell, Assessor
Thomas Arnold, Asst. City Solicitor
C. Arthur Soucy, President, Board of Water Commissioners

Residential
2732907 Active

316 Manchester Rd.
Auburn, New Hampshire 03032



L\$250,000



Style: Cape
Year Built: 1980
Color: white
Taxes: \$ 3,788.00
Taxes TBD: No
Tax Year: 2007
Monthly Assoc.\$: \$0
Lot Acre: .20
Lot SqFt: 8,712
Road Frontage: 0
Water Frontage: 50
Water Acc Type: Owned
Zoning: residential

Rooms: 5
Bedrooms: 2
Total Baths: 1
Full: 0
3/4 Baths: 1
1/2 Baths: 0
Garage Capacity: 0
Garage Type: None
Total Fin SqFt: 1,064
Apx Fin Above Grd: 1,064
Apx Fin Below Grd: 0
Foot Print: 25x28

Water Body Type: Lake
Water Body Name: Massabesic Lake
Water Body Restr.: Yes
Current Use: No
Surveyed: No
Flood Zone: Unknown
Seasonal: No
Owned Land: No

Public Rems: Lakefront cape on privately owned land at end of long R.O.W. owned by Manchester Water Works. X-large living room and master w skylights, exciting porch, hookup for stackable washer/dryer in bathroom. TOTAL PRIVACY! Good home for fisherman, boater, snowmobiler, writer. Condition fair. MAGNIFICENT SCENERY!

Directions: Exit 1 on Rt 101; go south to traffic circle. Go East on 121 off circle. After you pass Massabesic Lake, take next right on dirt road; home is at end of road.

APPROXIMATE ROOM DIMENSIONS

ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL	ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL
Full Bath						1/2 Bath					
3/4 Bath			1			Den					
Dining Rm	8x13		1			Family Rm					
Kitchen	9x13		1			Living Rm	17x23		1		
Master BR	15x20			1		2nd BR	11x13			1	
3rd BR						4th BR					
Other Rm 1	porch 9x23		1			Other Rm 2					
Other Rm 3											

FEATURES

Amenities: 1st Floor Laundry , Screen Porch , Wood Stove Hook-up
Basement: Partial
Construction: Wood Frame
Driveway: Dirt , Other
Appliances: Refrigerator
Financing:
Garage/Park: 3 Parking Space
Heat Fuel: Oil
Negotiable:
Roads: Right of Way
Sewer: Septic
Fee Includes:

Electric: 100 Amp
Exterior: Vinyl
Foundation: Block , Stone
Heating/Cool: Hot Air
Lot Desc: Abuts Conservation , Sloping , Waterfront , Rural Setting , City Lot
Restrictions:
Roof: Pitched , Shingle-Asphalt
Water: Drilled Well
Water Heater: Electric

Book/Pg: 4095/ 2831
Elderly: No
Covenant: No
Elem Sch: Auburn Village School Jr./Mid Sch

Tax Rate: \$ 13.71
Veteran: No
Assmt: \$ 272,500.00

Tax Class:
Other: Unknown
Assmt Yr: 2007
High Sch: Manchester Memorial High Sch

Tax Reduct: Unknown
Map/Bick/Lot: 07 / 21
Deed: Warranty
District: Auburn

County: Rockingham
Excl Sale:

New Const: No
Devel/Subdiv:

Source SqFt: Muni
Village/District:

Closed Date:

PREPARED BY



Prepared by: Bunny Donelson
Choice Realty
110 Stark St.
Manchester, NH 03101
Lister: Bunny Donelson of Choice Realty

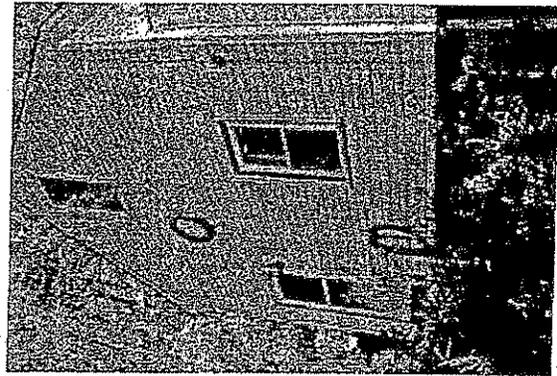
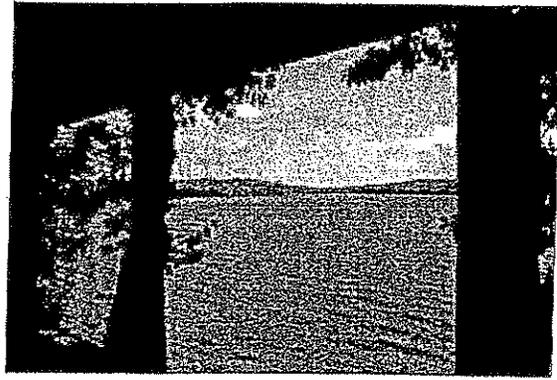
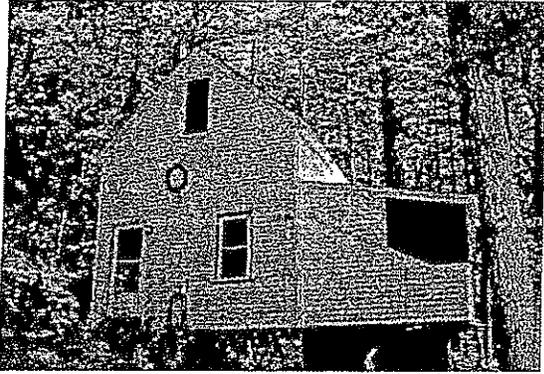
Email : bunnyre@hotmail.com
Off. Ph# : (603) 644-5100
Agt. Ph# : (603) 644-5100 ext. 105
Cell Ph# : (603) 867-4033
Fax Ph# : (603) 626-4364



www.nhchoice.com/agents/Donelson.htm

www.nhchoice.com

Subject to errors, omissions, prior sale, change or withdrawal without notice. The agency referenced may or may not be the listing agency for this property.
Copyright 2006 Northern New England Real Estate Network, Inc. 07/19/2008 01:09 PM



Subject to errors, omissions, prior sale, change or withdrawal without notice. The agency referenced may or may not be the listing agency for this property.
Copyright 2006 Northern New England Real Estate Network, Inc. 07/19/2008 01:09 PM

Printed By: Bunny Donelson

PURCHASE AND SALES AGREEMENT AND DEPOSIT RECEIPT
New Hampshire Association of REALTORS® Standard Form



1. THIS AGREEMENT made this 24th day of July, 20 08 between
Cynthia Barriger ("SELLER")
of 22 Bond St., City Claremont County of Sullivan
State NH Zip 03743 and City of Manchester, Manchester Water Works ("BUYER")
of 281 Lincoln St., City Manchester County of Sullivan Hillsborough
State _____ Zip _____

2. WITNESSETH: That SELLER agrees to sell and convey, and BUYER agrees to buy certain real estate located in City/Town
of Auburn known as or described as A single family home located at 316 Manchester St.,
Auburn, NH on a lot of 8712 sq. ft. according to deed, with frontage on Massabesic Lake
County Rockingham Book 4095 Page 2831 Date 7/18/2003 ("PROPERTY").

3. The SELLING PRICE is Two Hundred Thirty-Five Thousand Dollars \$ 235,000.00.
DEPOSIT, receipt of which is hereby acknowledged in the form of a personal or corporate check, is to
be held in an escrow account by Choice Realty ("ESCROW AGENT"), in the sum of \$ 1,000.00.
ADDITIONAL DEPOSIT will be paid on or before _____, in the sum of \$ _____.
CASH, ~~CERTIFIED CHECK~~ OR BANK DRAFT will be paid on the date of transfer of title in the sum of \$ 234,000.00.
CITY GAS

4. DEED: Marketable title shall be conveyed by a Warranty deed, and shall be free and
clear of all encumbrances except usual public utilities serving the PROPERTY.

5. TRANSFER OF TITLE: On or before September 5, 2008 at designated place or
some other place of mutual consent as agreed to in writing.

6. POSSESSION: Full possession and occupancy of the premises with all keys shall be given upon the transfer of title free of
all tenants and occupant's personal property and encumbrances except as herein stated. Said premises to be then in the
same condition in which they now are, reasonable wear and tear excepted. SELLER agrees that the premises will be
delivered to BUYER free of all debris and in "broom clean" condition. Exceptions: Owner will make good faith attempt
to have tenant vacate premises before closing.

Buyer reserves the right to conduct a walk through inspection upon reasonable notice to SELLER's AGENCY within _____
hours prior to time of closing to ensure compliance with the terms of this Agreement.

7. AGENCY: The undersigned SELLER(S) and BUYER(S) acknowledge the roles of the agents as follows:
Bunny Donelson of Choice Realty is a seller agent buyer agent non-agent disclosed dual agent*
_____ of _____ is a seller agent buyer agent non-agent disclosed dual agent*
*If agent(s) are acting as disclosed dual agents, SELLER and BUYER acknowledge prior receipt and signing of a Dual
Agency Informed Consent Agreement.

8. INSURANCE: The buildings on said premises shall, until full performance of this Agreement, be kept insured against fire, with
extended coverage by SELLER. In case of loss, all sums recoverable from said insurance shall be paid or assigned, on delivery
of deed, to BUYER, unless the premises shall previously have been restored to their former condition by SELLER; or, at the
option of BUYER, this Agreement may be rescinded and the DEPOSIT refunded if any such loss exceeds \$ 2,000.00.

9. TITLE: If upon examination of title it is found that the title is not marketable, SELLER shall have a reasonable time, not to
exceed thirty (30) days from the date of notification of defect (unless otherwise agreed to in writing), to remedy such defect.
Should SELLER be unable to provide marketable title within said thirty (30) days, BUYER may rescind this Agreement at
BUYER'S sole option, with full deposit being refunded to BUYER and all parties being released from any further obligations
hereunder. SELLER hereby agrees to make a good faith effort to correct the title defect within the thirty (30) day period
above prescribed once notification of such defect is received. The cost of examination of the title shall be borne by BUYER.

SELLER(S) INITIALS CB

BUYER(S) INITIALS CAS

PURCHASE AND SALES AGREEMENT AND DEPOSIT RECEIPT
New Hampshire Association of REALTORS® Standard Form



10. TAXES, condo fees, special assessments, rents, water and sewage bills and fuel in storage shall be prorated as of time and date of closing or same

11. PROPERTY INCLUDED: All Fixtures none

12. In compliance with the requirements of RSA 477:4-a, the following information is provided to BUYER relative to Radon Gas and Lead Paint:

RADON GAS: Radon gas, the product of decay of radioactive materials in rock may be found in some areas of New Hampshire. This gas may pass into a structure through the ground or through water from a deep well. Testing can establish its presence and equipment is available to remove it from the air or water.

LEAD PAINT: Before 1978, paint containing lead may have been used in structures. The presence of flaking lead paint can present a serious health hazard, especially to young children and pregnant women. Tests are available to determine whether lead is present.
 Disclosure Required YES NO

BUYER ACKNOWLEDGES PRIOR RECEIPT OF SELLER PROPERTY DISCLOSURE FORM ATTACHED HERETO AND SIGNIFIES BY INITIALING HERE: CAS

13. **DUE DILIGENCE:** The BUYER is encouraged to seek information from professionals normally engaged in the business regarding any specific issue of concern. SELLER'S AGENCY makes no warranties or representations regarding the condition, permitted use or value of the SELLER'S real or personal property. This Agreement is contingent upon the following inspections, with results being satisfactory to the BUYER:

TYPE OF INSPECTION:	YES	NO	RESULTS TO SELLER	TYPE OF INSPECTION:	YES	NO	RESULTS TO SELLER
a. General Building	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days	f. Lead Paint	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days
b. Sewage Disposal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days	g. Pests	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days
c. Water Quality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days	h. Hazardous Waste	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days
d. Radon Air Quality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days	i. _____	<input type="checkbox"/>	<input type="checkbox"/>	within _____ days
e. Radon Water Quality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days	j. _____	<input type="checkbox"/>	<input type="checkbox"/>	within _____ days

The use of days is intended to mean calendar days from the effective date of this Agreement. All inspections will be done by professionals normally engaged in the business, to be chosen and paid for by BUYER. If BUYER does not notify SELLER that the results of an inspection are unsatisfactory within the time period set forth above, the contingency is waived by BUYER. TIME IS OF THE ESSENCE. If the results of any inspection specified herein reveal significant issues or defects, which were not previously disclosed to BUYER, then:

(a) SELLER shall have the option of repairing or remedying the unsatisfactory condition(s) prior to transfer of title, so long as BUYER and SELLER both agree on the method of repair or remedy; or

(b) If SELLER is unwilling or unable to repair or remedy the unsatisfactory condition(s) or BUYER and SELLER cannot reach agreement with respect to the method of repair or remedy, then this Agreement shall be null and void, and all deposits will be returned to BUYER in accordance with the procedures required by the New Hampshire Real Estate Practice Act (N.H. RSA 331-A:13); or

(c) BUYER may terminate this Agreement in writing and all deposits will be returned to BUYER in accordance with the procedures required by the New Hampshire Real Estate Practice Act (N.H. RSA 331-A:13).

SELLER(S) INITIALS CS

BUYER(S) INITIALS CAS

7-5

PURCHASE AND SALES AGREEMENT AND DEPOSIT RECEIPT
 New Hampshire Association of REALTORS® Standard Form



Notification in writing of SELLER'S intent to repair or remedy should be delivered to BUYER or BUYER'S Agent within five (5) days of receipt by SELLER of notification of unsatisfactory condition(s). In the absence of inspection mentioned above, BUYER is relying upon BUYER'S own opinion as to the condition of the PROPERTY.

BUYER HEREBY ELECTS TO WAIVE THE RIGHT TO ALL INSPECTIONS AND SIGNIFIES BY INITIALING HERE: CAS

This Agreement is contingent upon BUYER'S review of the following:

- | | YES | NO | | YES | NO |
|------------------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|
| a. Restrictive Covenants of Record | <input type="checkbox"/> | <input type="checkbox"/> | d. Condominium documentation per N.H. RSA 356-B:58 | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Easements of Record/Deed | <input type="checkbox"/> | <input type="checkbox"/> | e. Co-op/PUD/Association Documents | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Park Rules and Regulations | <input type="checkbox"/> | <input type="checkbox"/> | f. Availability of Property/Casualty Insurance | <input type="checkbox"/> | <input type="checkbox"/> |

If such review is unsatisfactory, BUYER must notify SELLER in writing within _____ days from the effective date of the Agreement failing which such contingency shall lapse.

14. LIQUIDATED DAMAGES: If BUYER shall default in the performance of their obligation under this Agreement, the amount of the deposit may, at the option of SELLER, become the property of SELLER as reasonable liquidated damages. In the event of any dispute relative to the deposit monies held in escrow, the ESCROW AGENT may, in its sole discretion, pay said deposit monies into the Clerk of Court of proper jurisdiction in an Action of interpleader, providing each party with notice thereof at the address recited herein, and thereupon the ESCROW AGENT shall be discharged from its obligations as recited therein and each party to this Agreement shall thereafter hold the ESCROW AGENT harmless in such capacity. Both parties hereto agree that the ESCROW AGENT may deduct the cost of bringing such interpleader action from the deposit monies held in escrow prior to the forwarding of same to the Clerk of such court.

15. PRIOR STATEMENTS: Any verbal representation, statements and agreements are not valid unless contained herein. This Agreement completely expresses the obligations of the parties.

16. FINANCING: This Agreement (is) (is not) contingent upon BUYER obtaining financing under the following terms:

AMOUNT _____ TERM/YEARS _____ RATE _____ MORTGAGE TYPE _____

For the purposes of this Agreement, financing is to be demonstrated by a conditional loan commitment letter, which states that BUYER is creditworthy, has been approved and that the lender shall make the loan in a timely manner at the Closing on specified customary conditions for a loan of the type specified above. BUYER is responsible to resolve all conditions included in the loan commitment by the Closing date.

~~The existence of conditions in the loan commitment will not extend either the Financing Deadline described below or the closing date.~~

BUYER hereby authorizes, directs and instructs its lender to communicate the status of BUYER'S financing and the satisfaction of lender's specified conditions to SELLER and SELLER'S/BUYER'S AGENCY.

~~TIME IS OF THE ESSENCE in the observance of all deadlines set forth within this financing contingency.~~

SELLER(S) INITIALS CB

BUYER(S) INITIALS CAS

7-6

PURCHASE AND SALES AGREEMENT AND DEPOSIT RECEIPT
 New Hampshire Association of REALTORS® Standard Form



17. ADDITIONAL PROVISIONS:

Subject to clear title examination.

Buyer has requested not to be represented by Bunny Donelson of Choice Realty in an agency capacity.

Subject to the approval of the Board of Mayor and Aldermen no later than August 5, 2008

Property to be sold "as is," no agency required.

18. EFFECTIVE DATE: This is a binding contract and the effective date is when signed and dated, whether by electronic transfer or original, and all changes initialed and dated, by SELLER and BUYER.

Each party is to receive a fully executed duplicate original of this Agreement. This Agreement shall be binding upon the heirs, executors, administrators and assigns of both parties.

PRIOR TO EXECUTION, IF NOT FULLY UNDERSTOOD, PARTIES ARE ADVISED TO CONTACT AN ATTORNEY.


 BUYER _____ DATE 7/26/08 TIME 9:00 AM BUYER _____ DATE _____ TIME _____

ADDRESS 281 Lincoln St., Manchester, NH 03103

ADDRESS _____

CITY / STATE / ZIP _____

CITY / STATE / ZIP _____

SELLER accepts the offer and agrees to deliver the above-described PROPERTY at the price and upon the terms and conditions set forth.


 SELLER _____ DATE 7-28-08 TIME 9:45 AM SELLER _____ DATE _____ TIME _____

ADDRESS 22 Bond St., Claremont, NH 03742

ADDRESS _____

CITY / STATE / ZIP _____

CITY / STATE / ZIP _____