

COMMITTEE ON LANDS AND BUILDINGS

December 2, 2008

5:30 PM

Chairman Smith called the meeting to order.

The Clerk called the roll.

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

Messrs: P. Greazzo, H. McCarthy, J. Beaulieu, C. DePrima, T. Clark,
K. Edwards, D. Webster

Chairman Smith addressed item 8 of the agenda:

8. Communication from Phil Greazzo, Chairman of the Manchester Dog Park Association, requesting approval to use open space on Bass Island for a city dog park.

On motion of Alderman M. Roy, duly seconded by Alderman Osborne, it was voted to discuss this item.

Alderman M. Roy stated if Phil could come forward, I think there is a definite need throughout the City so this may be a way to address that.

Mr. Phil Greazzo, Chairman of the Manchester Dog Park Association, stated we come together to sort of create dog parks in the City. Using unused space that the City owns, we can create them for free. We would like to start with Bass Island Park because we have a donor that specifically named the City-owned site and that is where we are at. That is why we are requested the use of the space.

Mr. Howard McCarthy, resident of Manchester, stated thank you for allowing me to speak. I just happened to read this article in the paper today and I am in opposition to turning this island over to a bunch of dogs. That island is a beautiful little island and the concept of that island... whoever had the idea of putting it there and making it as beautiful as it is, was great. The only thing is, it probably hasn't been used for the right purposes. In other words, it was used for recreation

and enjoyment, and for the City to take that away or even part of it, is not right. The dogs have a life but the people have a life too. Your duty is to make the people of this City happy, not to take away their comforts or little things like that. The way I look at it, the concept of a dog park is good; don't misunderstand me. Not that location. That location is prime. I can see how that could be utilized even further. We all know that I am a vendor of ice cream and I would like to put a cart down there, anything at all to attract people to come and enjoy themselves. The point is, don't take away that park for the dogs. I know there are a lot of dog lovers. Don't misunderstand; so am I, but that location is prime. It is right in the middle of the City, so to speak. If something is put there, such as what I just said, even though I am on Elm Street now, in front of the Radisson with my ice cream cart, something to attract the people would be beneficial. Don't take it away for the dogs. Have a park some other place. The concept is good. I know they do it in Derry and I spoke with the dog officer over there and she was all for it. It is very successful. The one thing that jumped out at me in this paper was the word liability. Of course that is prime with me because all my things in the past, with the ice cream, was all about liability. The point is again: don't take away the park for the dogs. Thanks.

Ms. Jane Beaulieu, resident of Manchester, stated you all have a letter in front of you indicating the work that I have been spending time on with the Piscataquog Local Advisory Committee and the Russell Foundation as well as the Piscataquog Land Conservancy. In front of you, I think all of you have seen a conceptual of a proposed use for the entire Bass Island which includes the City-owned parcel. Even to set up a dog park temporarily while we are raising money to move forward with this conceptual, I think is probably not the best use for the land. This is a designated river. The site is a historic landmark and there certainly are several other locations in the City that are better suited for a dog park.

Alderman M. Roy stated Jane; I know you have been involved in our Parks and Recreation. You mentioned other locations and I am just wondering, since you are very familiar with our parks system, what are they and where do you think this would be better?

Ms. Beaulieu stated I thought, initially, that Derryfield Park would be a good spot for a dog park because of the landscape of the park because it does slope and I don't really see an awful lot of people using the Derryfield Park. I did speak with Alderman DeVries the other day and I certainly think that revisiting the landfill site would be a good place for a dog park as well.

Alderman M. Roy asked the fundraising effort that is on going, where are you at and what are you looking for?

Ms. Beaulieu replied we just received this conceptual about a month ago and we have been meeting my friend Ian from the Russell Foundation and we have mapped out a plan and we are going to be meeting. I do have a meeting with Families in Transition next week to talk about use and I did speak with Kathy Cook from the Bean Foundation. The first L-Chip round was going to begin, I think December 1st. I was set to attend a meeting. There is no L-Chip money this round so that is not going to be a go. What we are looking to do is, we have identified local smaller contributors that would match funds from let's say the Bean Foundation and also I have met with Tom Champagne from St. Mary's Bank to look at availability of funds through the bank. It could be a revolving loan or some other monies that they could allocate for the restoration of the property. Once we gather up or identify \$50,000 then we will go public with the capital campaign and we will move forward with that.

Alderman M. Roy asked what is the expected time frame?

Ms. Beaulieu stated with L-Chip, there is not going to be any match there from state, but I would say we should have, within the next three months, identified some private sources.

Mr. Mark Gordon, real estate agent in Manchester, stated I have been in communications with the broker real estate agent on the piece of land that is adjacent to where we are talking about putting the dog park. As you probably know it is privately owned. Right now there is a log splitting operation on there and a slab where the building used to be. At one time there was a historical building but there is no building on either site right now. I haven't seen Jane's layout for the entire property but it is still privately owned and the guy is actively entertaining offers for purchase and for rental or lease. He may at any time accept a lease on the property that is adjacent here. I think that it is premature to expect that to be bought out or taken through eminent domain or anything else because we don't know what is going to happen with the one that is currently privately owned. Something like a dog park is easily put together, easily installed and easily dismantled if some future use is approved by the City.

Chairman Smith stated just to give you some history on this, this is the old Netch property, the Blacksmith shop and the adjacent land is owned by McDowell. I know that Jane Beaulieu and I have been working for three or four years to try to purchase that land and the price that they are asking it quite high. We have been trying to resource funds. I had the Parks and Recreation Commission meeting October 14th and they said that locations for a dog park are still being discussed by the Commission. Then I have a letter from the Parks and Recreation Commission dated November 18th which says a meeting is scheduled with the animal control officers on November 19, 2008 at 9:00 pm to discuss viable places for a dog park.

There are interests. I would like to call up, if he would, not to put him on the spot, but the Parks and Recreation Director, Chuck DePrima. What happened at the meeting with the animal control officers?

Mr. Chuck DePrima, Acting Parks, Recreation & Cemetery Director, stated we discussed several issues ranging from who would maintain the park, because it is fairly safe to say that there is no City staff who would be able to adequately maintain the park and they discussed the possibility of liability which once we had shifted focus on other parcels of land we would obviously discuss with the City Solicitor and Risk Manager. We also looked at the GIS system for possible locations as an alternative to Bass Island.

Chairman Smith asked so technically speaking the Commission and yourself approved the concept but not the site?

Mr. DePrima replied that is correct.

Alderman J. Roy asked I have been hearing a lot about liability. Could you explain to me what our liability is going to be with a dog park? I believe this came up, this same idea, at the land fill.

Mr. Thomas Clark, City Solicitor, stated as I recall, when the landfill was being discussed as a site for the dog park, there was a group who was going form a 50C3, a non profit group that was going to take control of the land, maintain it, police it and clean it up. What caused it to fall apart was the Risk Manager recommended that they carry liability insurance to protect both themselves and the City. They would be acting as agents on City property. Depending on how the lease of license was drafted, there may be some protection for the City on the statute that says in recreation areas we have some immunity but that has never been addressed by the courts, whether or not a dog park would fit there. There may be some but the Risk Manager did recommend that they carry their own liability insurance.

Alderman M. Roy asked I know that was the landfill but would the Risk Manager or your office be looking for them to carry insurance on a City park land?

City Solicitor Clark replied it is City land regardless of whether it is park land or not. I talked to Mr. Ntapalis this afternoon. His recommendation was still to have someone carry insurance but that is going to be a policy decision for this Board to make. If they decide not to and have the City's insurance cover it as a City park; that is within your authority.

Alderman M. Roy stated my concern is that we don't ask any other dog owner throughout the City whether they are on a leash or not to carry any type of liability insurance.

City Solicitor Clark interjected we don't, but we also don't have any control over where they are going. If someone is walking a dog down the street, the City has nothing to do with it.

Alderman M. Roy replied right. My concern is, unless there is a true organization much like the Friends of Stark Park that has a president and a vice president, who are we going to require to have insurance? If I bring my dog over and I am not a member of that organization, I am just bringing my dog over to the dog park.

City Solicitor Clark stated if the City wants to assume the liability, if there is any, that is fine. I noticed this letter is from the Manchester Dog Park Association, I don't know if that is a formal organization or just a loose organization. I don't know if they have adopted bylaws and if they have been recorded with the Secretary of State, and I don't know if they have planned on policing and maintaining this property or if they expect the City to do it. I don't know those details.

Alderman Osborne asked from what you said this is still being studied and people are still looking into where we could have a dog park, true?

Chairman Smith replied that is true.

Alderman Osborne asked when do you think this would come about or when do you think we could get news on that? Would it be in the near future?

Chairman Smith replied I have no idea. I would just like to throw this out; I am very familiar with the area. It is in my Ward, and it abuts the river, and we are trying to clean up the river. Like I say, there are big plans out there. That is why we purchased the Netch property. I believe that the Parks and Recreation Commission have an open view and maybe that is the best thing to do. Send it back to Parks and Recreation for further review and come back with an answer one way or the other, to see if a site is available and find out what the legal ramifications are if this dog park is erected any place in Manchester.

Alderman Osborne stated I think eventually it is going to happen anyway, sooner or later, but I also think it is really not the right spot for it. I think we should keep on with the study and when it comes back to us maybe we can recall this meeting and look into something for these people. I know there are a lot of dogs out there and a lot of people out there who take good care of them. I watch them go by my

house every day and they carry their pooper scoopers and all of that. I have a pet of my own and I feel for you, but we have to do the best thing we can do here, as a Committee, to keep the City in preparation for the right venue. I think we should wait until we get reports back from Parks and Recreation and all that are looking into it and then take it from there.

On motion of Alderman Osborne, duly seconded by Alderman J. Roy, it was voted to refer the discussion on the dog park to the Parks and Recreation Commission for recommendation.

Alderman M. Roy stated I would like to give Mr. Greazzo contact information for the Friends of Stark Park and encourage anyone interested in having their dogs out, there is a great group of very incredible dog owners that meet in Stark Park every weekend, and they are in informal group, mostly neighbors and friends. I would like them to work with the Friends of Stark Park as possibly another location.

Chairman Smith addressed item 3 of the agenda:

3. Update from Jay Minkarah, Economic Development Director, on an RFP for Northwest Business Park at Hackett Hill.

Mr. Jay Minkarah, Economic Development Director, stated this is really a status update. I will be fairly brief. I think as you are aware, we issued the Requests for Proposal for seeking a developer to acquire all of Phase One of the Northwest Business Park at Hackett Hill, on October 21st. We tried to get as much publicity for that as we could. We posted it in the Union Leader. We also took out a couple of adds in the New England Real Estate Journal which is widely distributed in this region. We sent it out over the internet to many individuals on our contact lists. It is out there. The return date is December 19th, so we still have a little ways to go. It is a tough time to be putting out a Request for Proposals for something like this, but we have had some interest, so we have seen some response. Our intent will be to put together a review committee, assuming we get qualified proposals. We will put that review committee together. We will get the materials out to everybody as soon as it comes in, but obviously we will be looking to January to review the proposals and make a recommendation back to Lands and Buildings. In the event that we either don't have a recommendation to make or don't receive enough qualified proposals, then I expect we will also be back before Lands and Buildings seeking funds to do the infrastructure improvements ourselves. As you may recall, we are pursuing parallel tracks. We have the Request for Proposals out to sell the whole site but that failing it was our intent to pursue the development ourselves. To that end, to the engineers that are under contract to the Manchester Housing Redevelopment Authority are continuing to develop the final plans. We will of

course let you know what happens as a result of the 19th and we will keep you posted on this project.

Alderman Gatsas asked Jay, can you tell me the status of the permit?

Mr. Minkarah replied we have received all the environmental permits on the property so those are all received and in hand.

Alderman Gatsas asked they are all ready to go, including the Corps of Army Engineers?

Mr. Minkarah stated yes we have received the Army Corps permit as well.

Mr. Minkarah replied just to clarify, the one final thing that is still in process is preparing the final engineer drawings that have to be approved by DPW, but all the permits are in place.

Chairman Smith addressed item number 4 of the agenda:

4. Communication from Jay Minkarah, Economic Development Director, requesting approval of two amendments to the P&S agreement with the City for the Granite Street Lot, the Seal Tanning Lot and Phillippe Cote Street.

On motion of Alderman M. Roy, duly seconded by Alderman Osborne, it was voted to discuss this item.

Alderman M. Roy asked Jay, do you want to bring us up to speed on your opinions?

Mr. Minkarah stated I will give a brief overview. The Committee is aware that we have approved the Purchase and Sale agreement last spring to sell the Seal Tanning and Granite Street lots to 1848/1850 Associates. Among the conditions was a requirement that the Pandora building be restored into residential apartments. Some other requirements were additional parking capacity and so forth. In June we became aware that the development partner, College Street LLC, who is going to be purchasing the Pandora building and restoring it into residential units, withdrew from the development proposal. For the better part of the summer, the proponents were looking for another development partner who could come in and restore the building into residential units. At the same time some other steps were happening. As you may recall, we did run through the discontinuance process on the street. We were also pursuing at the same time

other financing options to do the work on the building, as well as working with other City departments going over code issues that are applicable to the building. Basically as a result of that process, a couple of things came out. First, they did not identify an acceptable development partner so 1848 Associates has elected to move forward with the project themselves. It is their intent to restore the Pandora building as well as do the rest of the work to add parking capacity to the parking lots. Right now there is active restoration work that is happening to the building to help stabilize the building. Most of that has been on the interior to the building. A few other things have also come out of this process. One, obviously there has been a time delay and that is why we are seeking the extension to the Purchase and Sale agreement. The Purchase and Sale agreement is supposed to expire on December 31st and we are asking that that be extended to April 30th with an outside date of June 30th. Secondly, as both the result of looking at the condition of the building, the code issues and the financing, it does not appear that restoring the building for residential use is going to be feasible. They are now looking at restoring the building for office use. That is the reason for the second request to allow that amendment as well.

Alderman M. Roy stated part of the residential use was that we were going to have an influx of people into the downtown area, which has been a priority of this Board for many years, as well as offsetting the parking requirements. If we add office use again we are stacking up your normal eight to five or seven to six traffic area and it becomes a ghost town at night. This is somewhat detrimental to what we are talking about with the residential. Can you just tell us how this works? We are adding capacity but now we are going to be adding users to the actual parking structure that they are graciously building.

Mr. Minkarah replied I definitely agree with those sentiments. We felt that the residential use was a very nice balance for all of those reasons; adding people to the downtown, 24 hour use, and offsets to the parking use. Most definitely the residential use really contributed to the proposal. However, on balance I think it was very important to save the building itself and when we look at this change to the proposal in the end results, you still have the building saved. We are adding to the tax base and we are adding to the viability of our downtown even though we are not getting the residential use. Also in talking with the proponents, they are looking at adding additional parking capacity over what was originally proposed that would help accommodate that issue. I absolutely agree. I think the residential use was a very nice part of that mix but I think on balance given the code issues, given the condition of the building and given the financing issues, today getting financing for the residential development is much more difficult. Also we found, we were looking at federal historic tax credits to use in the property and the requirements for those, for residential use, are much more stringent than for commercial use. All of these factors coming together, the condition of the

building, the code requirements and the financing have really resulted in the decision to go with a commercial use of the property.

Alderman M. Roy asked in all other respects of the contract has 1848 Associates stepped into every place that we had listed, College partners?

Mr. Minkarah replied yes.

Alderman M. Roy asked so letters of credit and everything that College Street Partners was promising was going to be held to, they have completely 100%? Have they stepped it up?

Mr. Minkarah replied or will, yes. All other requirements remain in place but for the change in use and the closing date.

Alderman J. Roy asked on the change in use, it is not due to the fact that the building can't be saved and rehabbed for residential structurally, it is more about a financial, correct?

Mr. Minkarah replied yes, it is the cost in financing.

Alderman J. Roy asked it is not that the building can't be rehabbed to residential; it is just that it is not profitable, if you would?

Mr. Minkarah stated to my understanding it is the cost issue and the financing issue.

Mr. Steve Hermans, 1848 Associates, stated it would be physically possible to rehab the building into residential apartments but given the marketplace and the financing alternatives it is not economically feasible.

Alderman M. Roy stated without a lot of information here it is hard to make a decision. How far from feasible is it? Is it catastrophically infeasible or is it a deal killer?

Mr. Hermans replied I don't have a number to give you.

Alderman M. Roy stated just looking at the use in the area and what we have been pushing for downtown, the change of use changes a lot of things in the scope of that area. I would look for someone to reach out as to how the City can help make residential use actually happen. I would much rather see residential use. I think the long term benefit to the City is much greater. I would look to see if this is something we can overcome and we do so in order to get the residential use.

Mr. Hermans stated we have not made a final decision. The amendment we are requesting would change the section of the existing agreement which specifies that the end use of the Pandora building will be 91 residential units. We would like to change that so that the allowed use could be office space, residential or some combination of that, for which we must get all required approvals from the Planning Board and every other entity. We are not asking for any waiver for the planning or zoning requirements; we know we have to get the approvals. One of the difficult things about this is making this final decision but we have decided to proceed with the building exterior restoration while we figure out what the use is going to be.

Chairman Smith stated I voted for this and it was a close vote because of the Pandora building. I visit that site almost every week and I spoke to Jay Minkarah about the rehabilitation and the fact that the Pandora building was a must. It seems to be dragging on and on and I noticed in your proposal, one of the amendments, Attorney, its April 30th or even a deadline into June. The other one is combination and we don't have a control over what the Planning Board would do. I have a document here. When I was Alderman in 2003-2004 it was supposed to be a hotel. I can see we are getting away from the situation. I want to know your comments because this has been going on since 2003.

Mr. Hermans replied I wasn't involved back in 2003 so I can't comment on that. It is a major project to say the least but we are proceeding with it now even though the Purchase and Sale agreement isn't going to close, we hope, at least until approximately April. We expect to spend \$1.3 million on the Pandora building by the end of January. We have already spent a considerable amount of money on the ongoing restoration work. Let me give out a little bit more detail, the roof to be replaced. The work to replace the roof couldn't be done because the seventh floor was unsound, which is what the staging would rest upon to do the roof work. We removed the seventh floor. That is ongoing. We have to install a new seventh floor. On that new seventh floor the staging will be installed so that the work can be done on the roof. The work is ongoing. We are not delaying the work on the building until those new closing dates. We expect to have a substantial amount of the work done before the closing ever takes place.

Chairman Smith stated back in May, Jay, I think you might have taken the pictures; I told you what happened down there. I brought it to Jay's attention. I took pictures and so forth. That was in May and I can't see anything happening. I made a comment the other day that it looked like fall foliage down there at the Pandora building. There are trees and the same situation. I see the staging up but I don't know what is going on in the upper floors, I have only been on the lower floor.

Mr. Hermans replied I was in there just two weeks ago. You must not have gone by recently. There were teams in there knocking out the flooring in large sections on the seventh floor.

Chairman Smith stated maybe on the seventh floor; I have been in on the first floor.

Mr. Hermans asked you didn't hear them? What time of day were you there?

Chairman Smith replied right in the morning. The side door on Commercial Street is open most of the time; you can just walk in and out. I really think this is a must for the City but we had a big debate between two powerhouses in the City of Manchester, two big real estate companies. My vote was because the Pandora building was going to be rehabbed. I hated to put one against the other, two fine firms, but I did it to restore the Pandora building and I don't want to see us dragged down the road in April or May and say there is no deal.

Mr. Hermans stated if anybody has a question about the ongoing work, Don Clark would be the person to arrange a visit with. It wouldn't be safe to go in on their own. I went in there with him and a big section of floor fell. It wasn't unsafe, it was just surprising. It was knocked down. It didn't fall down on its own.

Mr. Minkarah added I have been in the building as well about two weeks ago and I do have a lot of pictures if anybody is interested. The work is really on the upper floors. If you are looking on the lower levels you wouldn't see a lot going on.

Alderman Gatsas asked is there a reason why we don't have a copy of the anticipated addendum?

Mr. Minkarah replied we actually thought that the concept was pretty straightforward but I do have copies. The amendment essentially affects two sections, which you can see there, of the Purchase and Sales agreement, obviously the section addressing the closing dates and then the paragraph that addressed the uses. It is a double sided copy but it is just signatures on the second side.

Alderman Gatsas asked has the City Solicitor seen this yet?

Mr. Minkarah replied not yet, no. I assume we would approve it, hopefully, subject to approval by the City Solicitor.

City Solicitor Clark replied I am going to want to go back and compare this to the original P&S.

Alderman Gatsas stated I would think on a \$1.6 million transaction you would take longer than a quick peruse.

Mr. Minkarah replied I would agree but I think where the changes are relatively minor; I would hope that you could approve it subject to the approval of the City Solicitor.

Alderman Gatsas stated I would be looking for no refundable deposits. What was the date originally?

Mr. Minkarah replied I would have to look back but it was in May and you do have a deposit.

Alderman Gatsas asked it was May of 2008? That is when it was supposed to close?

Mr. Minkarah replied no, the original closing was supposed to be... our outside date was December 31, 2008.

Alderman Gatsas stated I know we have a deposit but I would think that if you extend your closing date, you may be looking for additional.

Mr. Minkarah stated we did recently extend the closing date on the Jac Pac project and I don't believe we requested any additional deposits. I think where this is a complicated project, we recognized that it is important to the City. There have been some delays that are unfortunate. I think it is a work in progress and I would hope that we could approve this amendment and allow for the time extensions so that it could proceed.

Alderman Gatsas asked can you remind me, what was the extension on Jac Pac?

Mr. Minkarah replied we had two extensions. We granted an extension to the due diligence period. I am not 100% sure but, I believe it was for a six month period and that was about a year ago, November of 2007. We granted a brief extension of a few weeks.

Chairman Smith asked if this is granted, can you give any guarantee that this will be done? Or will the City be holding the bag, in May or June of next year? We were anticipating possibly using some of those funds with the closure April 1st. Apparently from what I see it is like an elastic that keeps stretching and it is going to break sooner or later.

Mr. Hermans replied I am sure that this is the first extension that we have requested. I don't know how anybody can guarantee for sure that something will occur in the future. The reason that we are spending the money we are on the Pandora building is because we want and expect this transaction to close. We are going to spend \$1.3 million by January 31st. That is just the beginning of the process. Dean Kamen and Bob Tuttle have rehabbed the three gateway buildings: 340 Commercial Street, 324 Commercial Street, and 286 Commercial Street. They did the first building which I believe is 200 Bedford Street. I don't believe there is a project they started and didn't finish in Manchester. If somebody is aware of one please tell me. I am not.

Alderman M. Roy asked if we pass this this evening, when does this get reported out to the full Board?

Mr. Minkarah replied tonight.

Alderman Osborne asked what is the timeline? Why does this have to be decided upon this evening?

Mr. Minkarah replied the deadline under the purchase and sale agreement is December 31st. Obviously that is this month so we do need to act on this very soon.

Chairman Smith asked Tom, how long would it take you to look over this situation? We do have another meeting in December.

City Solicitor Clark replied there is another meeting on December 16th. The Committee has a couple of options. The Committee could table this here and meet that night before the Board meeting and it can be referred out to the full Board for the 16th allowing my office to review it and meet with Jay Minkarah.

Chairman Smith stated as far as the prerogative, I think this is what we should do. That is my own personal opinion. It doesn't expire until the end of December. I think it would be wise for this Committee to think it over and find out from the City Solicitor what the situation might be and report back at the December 16th meeting.

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to table this item.

Chairman Smith addressed item number 5 of the agenda:

5. Communication from Jay Minkarah, Economic Development Director, submitting a letter from Ken Edwards of the MHRA detailing their expenditures from 2004 to present for the acquisition and maintenance of the Jac Pac site as requested.

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to discuss this item.

Alderman Gatsas asked Ken, can you explain to me the taxes?

Mr. Ken Edwards, Manchester Housing Redevelopment Authority, stated when we closed on the property with Tyson Foods, it was at a time when they had already paid the tax bill and we had to give back a portion of what they had paid.

Alderman Gatsas asked and the \$100,000 in demolition?

Mr. Edwards replied that was in the original budget. We didn't use any of that money. We had overruns in some of the other categories and used it for that.

Alderman Gatsas asked where are the revenues from the shelving that was sold, the freezers... the additional revenue from parking from CMC?

Mr. Edwards replied that is a separate account. The total in that account is \$331,122.95 as of today.

Alderman Gatsas asked what have you been paid out of that account for? Has MHRA been paid anything out of that account?

Mr. Edwards replied no. That was interim use money that we collected and we are just holding it in escrow. We haven't charged anything against that. Our administrative costs have come out of the original approved budget.

Alderman Gatsas stated give me a clearer understanding. You are telling me the budget is the net proceeds and I guess what I am confused about is the acquisition price was \$3 million.

Mr. Edwards replied correct.

Alderman Gatsas stated the total expenses were \$474,165. Is that what I understand as total expenses?

Mr. Edwards replied no. Let me start from the beginning and clarify. When this project was proposed originally, there was an action taken by the Board of Mayor and Aldermen and the notification that we received was that we were to conduct acquisition of the property, due diligence, maintenance and security throughout the holding period, based on exhibits 1A and 2A. The total of those two documents is \$3,496,100. We have been operating since the property was acquired on that budget. The budget summary that we provided shows that if you assume that was the total budget, we still have money left in that original budget to cover all of the costs that we have incurred. However, the Finance department for the City interpreted that the approval from the Board authorized only what was listed in exhibit 1A which is \$3.4 million. When we reached billing of \$3.4 million the Finance department stopped paying our bills. That is what has resulted in this balance that we are owed. What we are suggesting is that it comes out of the proceeds from the sale of the property.

Alderman Gatsas asked so if I understand what you're saying, you are short about \$22,000?

Mr. Edwards replied well, we have not been paid a total of \$97,673.20.

Alderman Gatsas asked how do you read that on this sheet that we have?

Mr. Edwards replied what I just gave you is what the total is now. That was sent back in October, I think. We have had a couple of additional months of expenses which makes that slightly different.

Alderman Gatsas stated if we can just take this sheet and you have September, October and November, three more months of what that total expenditure is. I am looking at the administration and professional expertise. Those are monthly costs to you.

Mr. Edwards replied yes, legal and our administrative costs.

Alderman Gatsas asked what is the administrative cost for?

Mr. Edwards replied the administrative cost is for all of the time that we spend administering the project; paying utility bills, meeting with contractors, doing the parking arrangement with CMC, any time we have to spend throughout the process.

Alderman Gatsas asked let's say I look at September 30, 2006 and I look at your administrative costs and it is \$5,929. Then I look at your other two costs that you must have administered the maintenance, security and the utilities, those two total up to \$5,200. So are you telling me your administrative expertise was higher than the cost of managing?

Mr. Edwards replied yes. These are based on actual hours on our time sheets for work performed on the project. It did vary significantly from month to month depending on what was happening at the site.

Alderman J. Roy stated Ken, on the letter it says September 30th. I am still confused about this \$97,000. The September 30th letter says that the current balance due was \$82,232 and change. In addition you anticipate expenses through the closing of another \$20,000. Is that where this \$97,000 is coming out of? You crept up almost to the \$102,000.

Mr. Edwards replied yes. We had the closing.

Alderman J. Roy stated okay that explains that to me. The other account that you said you had \$331,000 in there from the sale of the freezers and stuff like that, where is that money going?

Mr. Edwards replied it is sitting in an account with us for future use by the City.

Alderman J. Roy asked so do we pay you out of that?

Mr. Edwards replied that is really up to you. We had hoped that we would save that money for use in construction of infrastructure at Northwest Business Park but that is really up to you.

Alderman J. Roy asked Northwest Business Park, we still don't know about the infrastructure up there, do we?

Mr. Edwards replied correct.

Alderman J. Roy asked are we sure we are going to do it ourselves or is somebody else is going to do it?

Chairman Smith asked back on August 18th Ken sent us a letter explaining his expenses and like I say, I have to admit the administrative expertise and so forth, it seems like it is quite high. At this time \$4,000 and about \$1,500 a month, this is in a letter from you to Ken Edwards on August 18th. I just would like to know why the administrative costs are so high.

Mr. Dick Webster, MHRA, stated I am afraid I am not familiar with the letter. I am not involved in the project on a daily basis.

Chairman Smith stated it is funny because it says to Ken Edwards, from Dick Webster.

Mr. Webster replied I analyzed where we were and I was trying to forecast where we would be based upon our track record. The administrative costs vary from month to month depending on...we have had vandalism. We have had break-ins. We have had meetings with PSNH to try and shut down some of the electrical entrances over there to reduce utility costs. Those are the kinds of things that we have gone over there for.

Chairman Smith stated I just want to get it for my own clarification.

Mr. Webster replied I am afraid I can't be too specific. I don't have that right in front of me. I can tell you the kinds of things that we have spent time on.

Alderman Gatsas stated I think it only makes sense that we get a clarification of bills because this only takes us to the 31st of August. Am I missing something from the rest? Is there another document that takes me to the end of November that I am not seeing?

Mr. Edwards stated I have a copy of the summary that is through the end of November but it does not include any administrative costs because we have just closed the month of November and he hasn't done his analysis of his time sheets yet.

Alderman Gatsas asked we don't have that before us?

Mr. Edwards replied no, you don't.

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to table this item.

Chairman Smith addressed item number 6 of the agenda:

6. Communication from Pamela Goucher, Interim Planning Director, requesting approval for MHRA to begin maintenance at 2-4 Bethel Court

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to discuss this item.

Alderman Gatsas asked has this building been sitting vacant?

Mr. Edwards replied no. This is a building that the City acquired, I believe back in 2002, in anticipation of a future expansion of the library. In 2003 we were asked if in the interim period, we could make it available to low and moderate income families and that is what we have been doing. It is fully occupied. There are three, three-bedroom apartments in the building and initially we did repairs to make the units qualify for section eight tenancy. We have three section eight families in the building with a contract rent of a little over \$1,100 per month. We have been managing and maintaining the property since 2004, occupied in 2004. We did some renovation prior to occupancy in 2003.

Alderman Gatsas asked is there a financial statement anywhere with this property?

Mr. Edwards replied yes. We can circulate one. We didn't realize that there wasn't one in the package.

Alderman J. Roy stated Ken, I just have a couple questions about this project. This building was bought in anticipation of the library expansion; do we know when that is going to take place?

Mr. Edwards replied we have no idea. We just know it seems to get further and further away.

Alderman J. Roy stated my concern was that we are going to spend \$28,000 this year and then tear it down next year. I don't want that to happen. That isn't the case? We don't know when it's going to happen?

Mr. Edwards replied no, we don't know.

Alderman J. Roy stated it makes sense in order to keep this thing... It has a positive cash flow, right?

Mr. Edwards replied absolutely.

Alderman J. Roy stated so in order to keep that we need to maintain it.

Mr. Edwards replied there is plenty of money in the reserve to cover these expenses and in fact we have been talking with Sam Maranto about returning a surplus of about \$60,000 in addition, to the City.

Alderman Osborne asked Pam can you give us a little more information on this.

Ms. Pamela Goucher, Interim Planning Director, stated as Ken mentioned, I am aware that they have indicated having about \$91,000 in their account, of which, if they are to do the repair that they are talking about, they would be returning, my notes show about \$62,000 back to the City. The specifics of that money and how it can be used, you may want to direct to the City Solicitor. They were involved in crafting the agreement back when the City purchased that property. The agreement allows for them to do the usual maintenance such as replacing stoves, furnaces, things of that nature, without coming to the Board. If there is a major expenditure, which is what they are asking for here, for a total of \$28,000, they have to get approval from this Board to tap that account.

Alderman Osborne asked in your feelings, the City is not putting good money after bad are they?

Ms. Goucher replied I think we would be looking at probably another \$10 million to do an expansion of the library, and I don't know when this Board may be looking to bond for that kind of money for an expansion. I guess to answer your question, any expansion would be at the direction of the Board to bond that kind of money, which I don't think the City has at the moment.

Alderman Gatsas asked if I total up the numbers \$16,303, \$8,708 surplus from 2004; \$22,022 the surplus from 2005; \$23,292 the surplus from 2006; and \$17,541 the surplus from 2007; that is \$87,866. Is that correct? Am I missing something? Do you have a different number?

Ms. Goucher replied I don't have that. What I have is information regarding the cost of the repairs, \$28,925 and I have an email that indicates that if that was to be used in Bethel Court, there would be surplus of \$62,139.76.

Alderman Gatsas asked how much did you say the roof was?

Ms. Goucher replied the information that they have provided us all of the work that they want to do at the building totals \$28,925.

Alderman Gatsas asked that is \$58,941?

Mr. Webster stated the difference between the \$91,000 that Ken is referring to that we said that we had in surplus and the amount that you totaled is...

Alderman Gatsas interjected is the \$3,600?

Mr. Webster replied yes, the \$31,095 negative, the balance that I gave to Pam, was at the end of August and then we suffered a loss in September so we actually ended up with about \$3,000 less than we had originally quoted.

Alderman Gatsas asked that \$62,000, did I understand you correctly Pam, those are special funds that were allocated to Bethel Court from where?

Ms. Goucher replied when the agreement was made, and I would have to defer to Tom Clark on this, but when the agreement was made for the MHRRA to maintain the building that the City was buying, the intention was to create a fund and in that fund there would be a certain reserve that would take care of the usual, customary maintenance, if you will. As it grew and exceeded, those funds were at the discretion of the City basically and would be returned to the City.

Mr. Edwards stated if I could clarify, the \$62,000 is surplus income. This is the income that has been generated in rents over the period of time from 2004 to today.

Alderman Gatsas asked if the City wanted it back you could cut a check to the City?

Mr. Edwards replied yes. We will still have, after we make the expenditure or the repairs to the building, about \$10,000 in the reserve account. Then it grows at the rate of about \$2,000 a month. We feel comfortable that returning the \$60,000 to the City and doing the \$28,000 worth of repairs, we will still be in good shape on the building.

Alderman M. Roy asked Ken, why did the electric bill jump from \$930 in 2008 for almost three month's worth?

Mr. Edwards replied I don't know. It could be that we paid two month's worth in one month. Sometimes the billing will roll over to the next month. It could have been that a tenant used electric heaters for a period of time because they were having a problem with a gas appliance. These units have space heaters and gas stoves in the kitchens so it is possible that it could run up that way.

Alderman M. Roy asked the gas bill for the building, are we providing heat?

Mr. Edwards replied yes, we pay all the utilities.

Alderman M. Roy asked so there would be virtually no reason for someone to plug in an electric heater if they are not paying their gas bill and we are?

Mr. Edwards replied only if the appliance itself was giving them problems and they didn't call. Sometimes that happens. The space heater will stop working and they will not call; they will just use electric heaters.

Alderman M. Roy stated it is September. The height of the summer of July and August were \$200 and \$300. It raised a red flag. I would like you to look into it.

Mr. Edwards replied we can do that.

Alderman M. Roy stated again, I would like to hear before we vote on this, just from the library, about when and if their plans are going to go forward, in order to do something with this building.

Mr. Sam Maranto stated the library has been requesting an expansion for numerous years. I think that number is somewhere in the range of \$12 million to \$15 million dollars to do that, and again as Pam has said, it is up to the Board. They would like to break ground tomorrow if they were funded but they put an elevator in the rear close to 20 years ago in anticipation of an expansion. It is really doubtful that in the near future we will have any funding available for that library expansion.

On motion of Alderman Osborne, duly seconded by Alderman Gatsas, it was voted to approve this item.

Chairman Smith addressed item number 7 of the agenda:

7. Communication from Dick Anagnost, Intown Manchester Board of Trustees, submitting suggestions for lighting on Granite Street.

Chairman Smith stated I would just like to enlighten my colleagues. From what I understand, they are proposing this in the CIP budget for next year and winter is already upon us. Christmas season is here...

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to refer this item to the Committee on Community Improvement.

TABLED ITEM

9. 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.
(Tabled 8/04/08)

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to remove this item from the table.

Alderman Gatsas asked have you received and updated insurance policy? This one that we have has expired.

Mr. Clark replied I have not seen one.

Alderman Gatsas stated the insurance policy expired May 18, 2008. Is that in default of the mortgage?

Mr. Minkarah replied I have not seen one but I could certainly inquire as to whether or not Finance or another department may have.

On motion of Alderman Gatsas, duly seconded by Alderman J. Roy, it was voted to return this item to the table.

10. Request from MHRA for \$150,000 to cover various administration costs related to Jac Pac.
(Tabled 9/16/08)

This item remained tabled.

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

A True Record. Attest.

Clerk of Committee