

AGENDA

COMMITTEE ON LANDS AND BUILDINGS

December 2, 2008

Aldermen Smith, Gatsas

Osborne, M. Roy, J. Roy

5:30 PM

Aldermanic Chambers

City Hall (3rd Floor)

1. Chairman Smith calls the meeting to order.
2. The Clerk calls the roll.
3. Update from Jay Minkarah, Economic Development Director, on an RFP for Northwest Business Park at Hackett Hill.
Gentlemen, what is your pleasure?
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.
Gentlemen, what is your pleasure?
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.
Gentlemen, what is your pleasure?
6. Communication from Pamela Goucher, Interim Planning Director, requesting approval for MHRA to begin maintenance at 2-4 Bethel Court
Gentlemen, what is your pleasure?
7. Communication from Dick Anagnost, Intown Manchester Board of Trustees, submitting suggestions for lighting on Granite Street.
Gentlemen, what is your pleasure?

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.

Gentlemen, what is your pleasure?

TABLED ITEM

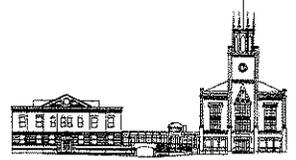
A motion is in order to remove any item off the table.

9. Report of the Board of Mayor and Aldermen advising 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.
(Tabled 8/04/08)
10. Request from MHRA for \$150,000 to cover various administration costs related to Jac Pac.
(Tabled 9/16/08)
11. There being no further business, a motion is in order to adjourn.



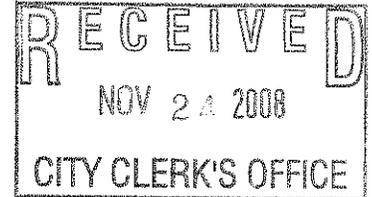
CITY OF MANCHESTER

Economic Development Office



November 24, 2008

George W. Smith, Chairman
Lands & Buildings Committee
One City Hall Plaza
Manchester, NH 03101



RE: Northwest Business Park @ Hackett Hill

Dear Chairman Smith and Members of the Committee:

A Request for Proposals (RFP) seeking parties interested in acquiring and developing the Northwest Business Park at Hackett Hill was issued on October 21, 2008 (copy attached). Formal notice was posted in the *Union Leader* on Wednesday, October 22. Ads were also placed in the October 31 and November 7 issues of the *New England Real Estate Journal*, the world's largest weekly commercial/investment publication. In addition, the RFP is posted on the City's website and links were sent by email to all of the developers, commercial real estate brokers, design professionals and others in MEDO's distribution lists. Proposals are due on Friday December 19, 2008. In the meantime, MHRA's engineering firm, Oest, is continuing to prepare final plans for approval by the City's Highway Department and Planning Department so that the subdivision plans can be signed and recorded. We will keep the Committee posted on the project's progress. If you have any questions or concerns or require additional information, please feel to contact me. Thank you.

Sincerely,


Jay Minkarah, Director
Manchester Economic Development Office

cc: Hon. Frank Guinta, Mayor



City of Manchester Economic Development Office



REQUEST FOR PROPOSALS

By
The Manchester Economic Development Office

For
Parties interested in acquisition and development of Phase One of the
Northwest Business Park at Hackett Hill in Manchester, New Hampshire

Proposals due by: 3:00 PM EST on Friday, December 19, 2008

FY09-050-45

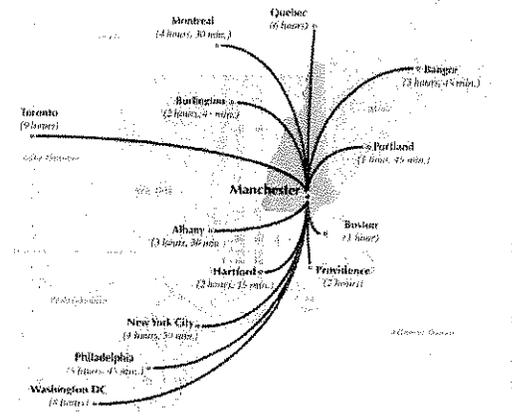
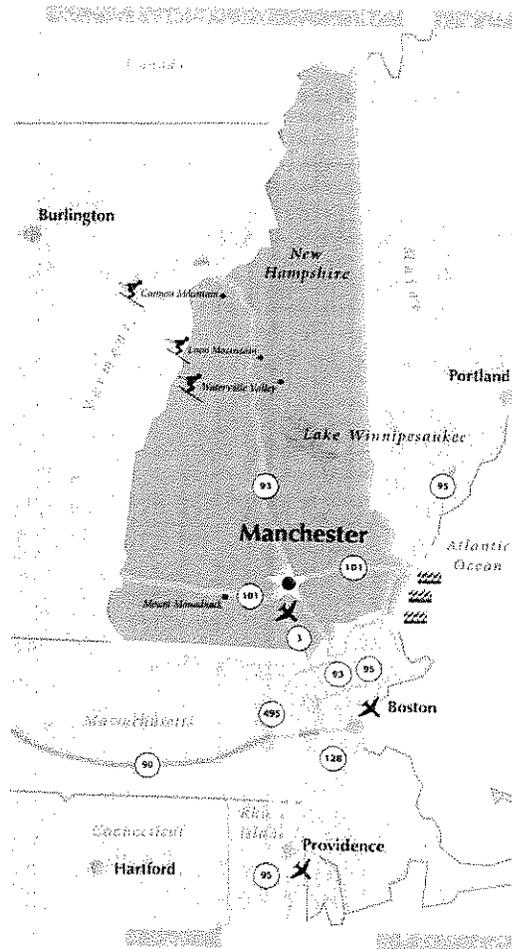
Contact: Jay Minkarah, Economic Development Director at (603) 624-6505 or
jminkarah@ManchesterNH.gov for details.

I. Intent

This document is intended to provide interested parties with sufficient information to prepare and submit proposals for the acquisition of twelve undeveloped lots that comprise Phase One of a planned, City-sponsored business/light manufacturing park known as the Northwest Business Park at Hackett Hill for the purpose of completing necessary infrastructure improvements and developing the lots for appropriate uses as outlined in the Northwest Business Park Development Plan.

II. City of Manchester, New Hampshire Background

Manchester is the largest city in northern New England with an estimated population estimated of 108,720 (2006) and a metropolitan area population of 610,685. Manchester is located 53 miles northwest of Boston and in close driving distance to the many urban centers of the Northeastern US and Canada including New York City (4½ hours) and Montreal (4½ hours). In addition to its diverse business and industrial base, Manchester is home to eleven area colleges and universities and features one of the fastest growing commercial airports in the country, the Manchester-Boston regional Airport. A location Map is provided on the following page.



The Manchester-Boston Regional Airport (www.flymanchester.com) is the largest commercial passenger, cargo, and general aviation airport north of Boston with flights available to destinations throughout the US and to Canada. Manchester is situated at the center of the State's interstate highway system. Southbound I-93 and US Route 3 provide access to Boston as well as to I-95 and I-90, linking the City to most of the major cities on the Eastern Seaboard. Northbound I-93/US 3 provides direct access to the many recreational opportunities of New Hampshire's White Mountains and Lakes Region. I-93 and I-89 also provide connections to Vermont and the Province of Quebec in Canada. NH Route 101 provides access to the NH seacoast and to Maine to the east and to the state's Monadnock Mountain region and southern Vermont to the west.

Manchester is the business and financial capital of New Hampshire housing state and regional headquarters for several banks, public utilities and business & professional service providers along with major healthcare facilities, colleges and universities, and manufacturing facilities. Approximately 67,000 people work in the City. Largest employers include:

<u>Employer</u>	<u># of Employees</u>
Elliott Hospital	3,060
Catholic Medical Center	1,700
FairPoint Communications (telecommunications)	1,650
PSNH (electrical utility)	1,250
Citizens Bank	1,225
TD Banknorth	1,150
Anthem Blue Cross Blue Shield	753
Southern NH University	700
Osram Sylvania (Mfr lighting products)	650
FCI USA (Mfr electrical connectors)	600
Freudenberg NOK (Mfr seals/molded products)	560
Velcro USA (Mfr. hook/loop fasteners)	500

The City of Manchester and State of New Hampshire are recognized nationally for livability and economic strength. Some highlights are noted below:

- The State of New Hampshire tops Morgan Quinto Corporation's "**Most Livable State**" list for the fifth straight year based on 44 factors including crime rates, business tax climate, employment, health education and median household income.
- New Hampshire named the "**Safest State**" in the nation for 2008. New Hampshire boasts the nation's lowest murder rate and second-lowest rates for aggravated assault and burglary, according to CQ Press.

- New Hampshire has the nation's **lowest overall tax burden** with no sales tax, use tax, personal income tax, capital gains tax or inventory tax and no higher assessment for commercial or industrial real estate.
- New Hampshire has **lowest percent of population in poverty** in the US, the **sixth-highest median income** and **eighth highest per-capita income**.
- New Hampshire ranks among the top ten states for percent of population with a bachelor's degree or higher (#9).
- New Hampshire is the nations **fifth "Healthiest State"** and ranks **second in overall "Child Well-Being."**
- New Hampshire has the **seventh-best overall business tax climate** in the nation and the best in the Northeast, according to the 2008 State Business Tax Climate Index Rankings released by the Tax Foundation.
- Manchester ranks 13th on CNN Money's list of **Best Places to Live and Launch**. Says CNN Money: "Located in the heart of New England, Manchester balances the charm of a small town with the amenities of a big city. Residents can hit the links at one of the area's many golf courses, or take in a hockey game or concert at the Verizon Wireless Arena. The city also has its own airport, Manchester-Boston Regional, with daily flights to major cities including New York City and Washington, D.C."
- The Manchester-Nashua area is ranked in the **top ten "techiest" metropolitan areas** in the nation having among the highest percentage of computer professionals in its workforce according to the U.S. Census Bureau's annual American Community Survey (ACS).

III. Background

In 1999, the City of Manchester, through its Housing and Redevelopment Authority (MHRA), purchased an 830-acre parcel from the University of New Hampshire for redevelopment purposes. The university had previously intended to develop a Manchester campus on the site but, after certain improvements were made, the school was relocated to an historic Mill Building in the downtown area. Prior to the decision to relocate, site improvements that were made included an academic building known as French Hall, two streets (now known as Business Park Drive and Technology Ave.) utilities, and parking areas. These improvements can be seen in the aerial image provided in Attachment A. Subsequently, just over 400 acres were designated as a Nature Preserve and transferred to the Nature Conservancy. The remaining 426 acres was planned for development as a business park.

Between 2000 and 2004, the City developed a Master Plan for the site which anticipated two primary phases of development along with additional areas reserved for future development (see Attachment B - Concept Plan). During that time, additional lands were purchased and added to the Nature Preserve, expanding its size to about 600 acres. The French Hall building (Concept Plan Area A) was subdivided off and sold to a high tech R&D/manufacturing firm, JPSA Laser – the business park's first occupant.

In 2005, the formal development approval process was initiated. Phase I, the subject property, consisting of 12 developable lots on approximately 125 acres (areas A through

E on the attached Concept Plan) was approved by the Planning Board in 2007 subject to conditions. Development of Phase II on the remaining 280 (+/-) acres (shown as Area F on the Concept Plan) will likely take some time to commence. Though this area would be accessed through an extension of Technology Park Drive, additional traffic improvements are necessary to handle projected traffic including the development of a new Exit 7 on the F.E. Everett Turnpike/ I-293 that is uncertain at this time. However, approximately 20 acres of the remaining 280 acres in the southwestern corner of the property on Dunbarton Road (within the area reserved for future development on the attached Concept Plan) has been dedicated to development of a federal Job Corps facility which is anticipated to open in 2010.

As noted above, subdivision approval for Phase I was granted by the Manchester Planning Board in March of 2007 with conditions. Key conditions included receipt of state environmental approvals and completion of final engineered plans for proposed infrastructure improvements. A copy of the current subdivision plan is provided as Attachment C.

In September of 2008, the State of New Hampshire's Department of Environmental Services (NHDES) granted approval to fill approximately 10,000 square feet of wetlands to facilitate two driveway crossings. There are no additional wetlands impacts required to develop any portion of Phase I. State of New Hampshire Department of Environmental Services Alteration of Terrain (Site Specific) approvals were granted in October of 2008. Key to these approvals is the use of porous pavement for all parking lots and driveways. Final design and preparation of bid documents for necessary infrastructure improvements is near completion. Plans and specifications (bid documents) for design of infrastructure improvements prepared by OEST Associates of South Portland, Maine will be made available to the selected developer. Continuation of engineering services with OEST Associates will require arrangements to be made directly between OEST Associates and the developer. Once final plans and specifications are approved by the City's Highway Department, the approved subdivision plan can be deemed complete and the plans signed and recorded. It is anticipated that the plans can be finalized before the end of 2008.

IV. Site Description

The Northwest Business Park is located in the northwestern portion of the City of Manchester, NH with frontage on Hackett Hill Road and Business Park Drive. Portions of the site also abut and are visible from the F.E. Everett Turnpike/I-293. Highway access is available from F.E. Everett Turnpike/I-293 Exit 7 and I-93 Exit 10.

The overall site contains approximately 425 acres in area abutting almost 600 acres conservation land. Phase I of the Northwest Business Park, the subject property consists of 12 undeveloped lots further described as follows:

Lot #	Acreage	Estimated Building Area* (square feet)
Lot 1	22.9 acres	82,000
Lot 2	8.81 acres	50,000
Lot 3	8.04 acres	20,000
Lot 4	6.33 acres	24,000
Lot 5	10.78 acres	50,000
Lot 6	12.75 acres	60,000
Lot 7	6.34 acres	30,000
Lot 8	7.39 acres	28,000
Lot 9	4.29 acres	30,000
Lot 10	26.28 acres	150,000
Lot 11	2.83 acres	20,000
Lot 12	7.21 acres	20,000
Total:	123.95 acres	564,000

* Building area estimates based on surface parking ratios of 5 spaces per 1,000 sq. ft. for high occupancy level office uses. Differing uses and parking demands could alter building coverage.

Access to the lots is provided by Business Park Drive, Technology Avenue and Hackett Hill Road. Hackett Hill Road is currently a public street. Business Park Drive, Technology Avenue will become public streets upon completion of necessary improvements and formal acceptance by the City. The site is also served by municipal water and sewer, electrical service and telecommunications infrastructure. Improvements are necessary, however, to service the business park. Necessary infrastructure improvements are outlined below.

V. Infrastructure Improvements Required

A. Roadways

1. New front entrance roadway across Public Service property (easement) including upgrades to Hackett Hill Road and park identification signage.
2. Obtain easement from Public Service Co. for new entry road.
3. Grind and resurface entire existing access road and widen a portion of the roadway from 24 to 30 feet.
4. Add public sidewalk throughout and guardrail where needed.
5. Remove and replace existing street lighting.
6. Construct two (2) wetland crossings/driveways for lot access at lot 1 and a combined entry for lots 10 and 12.

7. Obtain escrows (from individual lot developers) for potential future traffic improvements (additional turning lanes and signalization if necessary in accordance with traffic study). Total escrow required is \$700,000.00.
8. Provide new access roadway to water tower.

B. Utilities

1. Add new and rehabilitate existing sewer lines, existing lines to have cured-in-place lining.
2. Upgrade existing 10" water line to 12" line throughout park (replace fire hydrants and valves)
3. Connect existing Countryside Blvd. pump station to NWBP (2000 ft. – 16" main) along Hackett Hill Road.
4. Construct natural gas piping throughout park.
5. Add new electrical, cable and phone systems throughout park.
6. Provide stub connections from all utility mains to each building lot entrance drive for water, sewer, fire protection, natural gas, electric, phone and cable.
7. Prepare/obtain required easements for water main along Hackett Hill Road.

Landscaping

8. Provide street and driveway trees (50 foot spacing) throughout public roadways in accordance with the Northwest Business Park Development Plan. Loam and seed all disturbed areas.
9. Provide park entry plantings and landscaping.

General

10. Remove all existing unused electrical equipment (cabinets, light poles, light pole bases and above ground wiring).
11. Remove existing asphalt parking areas.
12. Remove asphalt loop road off Technology Ave. on Nature Conservancy property.

VI. General Requirements

Proposals for the acquisition and development of the Phase I of the Northwest Business Park at Hackett Hill must comply with the Northwest Business Park Development Plan last revised on December 14, 2004 (Attachment D), the Research Park (RP) provisions of the Zoning Ordinance and all Manchester Planning Board, NHDES wetlands and Site Specific permit stipulations and any other applicable ordinances, regulations and rules. Copies of approved plans and permits can be viewed during business hours at the Manchester Economic Development Department by appointment. Copies may also be obtained at cost. Zoning Code requirements can be found on the City's website:

www.manchesternh.gov, at City Hall, or the Manchester Public Library. Proposals anticipating conversion to residential use through a variance will not be accepted.

VII. Submission Guidelines

A. General instructions

The evaluation of a developer/buyer will be based on the information submitted in the responses to this RFP and any associated background or reference checks. The Selection Committee may require interviews with Proponents to clarify certain aspects of any proposal if necessary. Proponents should present all information necessary for the Selection Committee to choose a proposal for recommendation to the Board of Mayor & Aldermen.

B. Submitting the proposal

Proponents shall submit an original proposal along with ten (10) copies of all materials required for acceptance of their proposal in sealed envelopes by 3:00 PM, December 19, 2008 to:

Jay Minkarah, Economic Development Director
City of Manchester
Economic Development Office
One City Hall Plaza
Manchester, NH 03101

An electronic version of the proposal shall be provided upon request. Proposals must be received in the above office by the specified time stated above. All proposals will be time-stamped when accepted. E-mail responses and faxes will not be accepted. Proposals received after the deadline will be returned unopened.

VIII. Proposal Content

Proponents shall provide an executive summary of the essential elements of the proposal identifying the ways in which it addresses the general requirements of the RFP followed by a detailed description of the proposal accompanied by any maps, diagrams, charts pictures and other information and materials necessary to fully describe the proposal in as succinct a manner as possible. Each proposal shall, at a minimum, contain the following:

A. Proponent Information

1. Provide the legal name, mailing address, telephone number, e-mail address and fax number of the Proponent and a statement as to whether or not it is a sole proprietorship, a partnership, a corporation or any other legal entity. A proposal

by a corporation shall also give the state of incorporation, identify the principal place of business and any local office including address and telephone numbers. Each proposal shall be signed by a person legally authorized to bind the Proponent. Proposals should also identify any partners, persons or firms who will participate in or are parties to the development proposal and any other parties who may act on behalf of the Proponent or who have the authority to legally bind the Proponent.

2. Describe the Proponent's experience and capabilities in developing similar projects.
3. Provide resumes describing the educational, work experiences and specific development project experience for each of the key staff who would be assigned to the project. Explain each key staff's role and expected time commitment to the project.
4. Purchase price offer and any proposed contingencies or conditions of sale.

B. Project Description

1. Provide a general overview of the proposed development plan.
2. Provide an implementation schedule including phasing if applicable.
3. Describe marketing plan to attract end users or tenants.
4. Provide a preliminary development pro forma showing estimated development costs and proposed sources and uses of funds for the project. Along with a general overview of the financial strategy and a demonstration of project feasibility.
5. Describe any plan for on-going Park management and maintenance.

C. Development Conditions/Commitments

1. Describe the proponent's commitment to achieve optimum site utilization.
2. Describe the proponent's proposal to address performance guarantees, and breach of commitments.
3. Describe the proponent's commitment to assure that the property will not be held or sold for speculative development. Provide assurance that each development parcel will not be sold until a development plan receives all required approvals.

D Past, Present or Pending Legal Claims, Actions or Suits

Describe in detail any court proceedings to which the Proponent has been a party in the past ten (10) years including any determination by an arbitration panel, federal, state or local regulatory body or court of law that any Proponent member has been found in breach or default under any agreement or contract. Identify by name, location, caption, docket number, or other form of identification, the proceedings in which such determinations were made.

Describe any and all indictments and criminal investigations, regulatory actions, completed or pending, within the past ten (10) years, in any venue involving any member of the Proponent team. Identify by name, location, caption, docket number, or other form of identification, of all such criminal proceedings. Identify any present or anticipated facts known to the Proponent that might reasonably be expected to adversely affect its ability to perform the services identified in the RFP.

E. Financial Qualifications and Condition

Interested Proponents must provide sufficient information and materials to demonstrate their financial ability to successfully complete the Project. If any financial information provided is not intended for public viewing, please provide such information in separate sealed envelopes marked "confidential." Acceptable support materials include the following:

1. Federal Income Tax returns for the past three (3) years.
2. Audited financial information, including balance sheets, statements of income and cash flow, and related footnotes for the previous three (3) fiscal years and unaudited information for the current interim period.
3. 10K filings and any other additional Securities and Exchange Commission filings for the previous three (3) years.
4. Annual reports for the past three (3) years.
5. Prospectus for any equity or debt financing in the past three (3) years.
6. Credit reports and ratings for equity or debt financing in the past three (3) years.
7. Confirmation of assets to be used to support guarantees and legal recourse of the City in the event of a breach of obligation.
8. Confirmation of the Proponent's access to bank lines of credit, revolving credit agreements, and other sources of liquidity.

IX. Oversight

The RFP process will be administered by the Manchester Economic Development Office (MEDO). A selection committee comprised of the Economic Development Director, the Planning & Community Development Director, City Solicitor, Chief Assessor, the Director of Public Works, the Finance Director, Manchester Housing & Redevelopment Authority Director or their designees and a representative from the Office of the Mayor and Board of Alderman shall make its recommendations to the Board of Mayor & Aldermen for approval at the conclusion of the review process.

X. Evaluation Criteria

The Selection Committee will evaluate proposals with consideration for the degree to which each proposal advances the City's goals of recruiting and fostering target businesses and industries, increasing employment opportunities, expanding the tax base, encouraging quality design and construction and encouraging environmentally sensitive sustainable development as well as and the degree to which Proponents have the financial and technical ability to develop the Park in a timely manner. Target industries include Medical/Life Sciences, Defense/Advanced Security, Software & IT, Aviation, and Business & Financial Services.

Specific factors to be considered include the following:

1. offer price;
2. experience in executing projects of similar size and scope;
3. ability to implement the project expeditiously;
4. ability to secure necessary financing;
5. timing and phasing of proposed development;
6. degree to which the proposal meets the City's planning and economic development goals;
7. willingness to provide adequate security to the City of Manchester and recourse in the event of breach of commitments, through performance bonding, insurance or other performance guarantees:

XI. The Developer Selection Process

A. Inquiries

Any questions or concerns regarding the RFP must be submitted in writing (email preferred) to:

Jay Minkarah, Economic Development Director
City of Manchester
Economic Development Office
One City Hall Plaza
Manchester, NH 03101
jminkarah@manchesternh.gov

Proponents are expected to raise any questions, exceptions, or additions they have concerning the RFP document prior to the submittal deadline. All questions submitted and any answers provided will be made available to all other interested parties. If a Proponent discovers any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in this RFP, the Proponent should notify the above named individual and request modification or clarification of the RFP.

B. Proponent Interviews

Proponents may be asked to participate in interviews with the Selection Committee to further explain or clarify their proposals. Every reasonable attempt will be made to schedule each interview at a time and location that is agreeable to all parties. Failure to interview on the date scheduled may result in rejection of the proposal.

C. Proposal Withdrawal

Proponents may withdraw a proposal in writing at any time up to the proposal closing date and time. If a proposal is withdrawn before the proposal due date, the Proponent may submit modifications or another proposal at any time up to the proposal closing date and time.

All proposals shall become the property of the City

XII. City Reservation of Rights

1. The City reserves the right to accept any proposal, in whole or in part, to negotiate further regarding any terms of the proposal to achieve the best proposal as determined by the City at its sole discretion and to reject any or all proposals for any reason whatsoever, should it be deemed in the best interests of the City to do so.
2. Negotiation if undertaken by the City is intended to result in a contract which is deemed by the City, in its sole discretion, to be in the City's best interests. Any such negotiations will use the selected proposal as a basis to reach a final agreement. Any and all such negotiations shall be binding upon the Consultant.
3. The City reserves the right to include in the contract for services other terms and conditions not specifically set forth here, including, but not limited to, terms and conditions required by funding sources; and additional work which may be identified subsequent to the starting date of the contract.

4. The City reserves the right to waive or disregard any informality, irregularity or deficiency in any proposal received.
5. Any and all expenses incurred by the selected firm shall be the Proponent's responsibility.

XIII. Calendar of Events

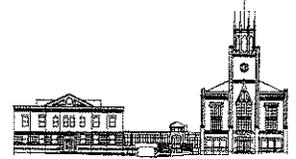
Listed below are key dates and times of actions related to this Request for Proposals.

<u>DATE</u>	<u>EVENT</u>
Oct 21, 2008	RFP issued.
Dec 19, 2008 (3:00 PM)	Proposals due.
Dec 22, '08 – Jan19, '09	Staff and Committee Review.
Jan 23, 2009	Committee Recommendation forwarded to Lands & Buildings Committee.
Feb 3, 2009	Board of Mayor & Aldermen confirm recommendation of Lands & Buildings Committee & authorize preparation of Purchase & Sales agreement (target date).
By March 6, 2009	Purchase & Sales Agreement approved (target date).



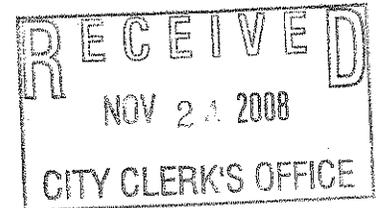
CITY OF MANCHESTER

Economic Development Office



November 24, 2008

George W. Smith, Chairman
Lands & Buildings Committee
One City Hall Plaza
Manchester, NH 03101



RE: Seal Tanning, Granite Street Lots & Pandora Building

Dear Chairman Smith and Members of the Committee:

Please find attached a copy of letter from Robert Tuttle on behalf of 1848/1850 Associates outlining progress made in rehabilitation of the Pandora Building and in planning for the redevelopment of that building and the adjacent Seal Tanning & Granite Street Lots. For reasons further explained in the attached letter, two amendments to the P&S agreement are proposed: one to extend the closing date from December 31, 2008 to April 30, 2009 with an outside date of June 30, 2009 and another to address permissible uses of the Pandora Building. Your consideration of these possible amendments is requested at your earliest convenience. If you have any questions or concerns or require additional information, please feel to contact me. Thank you.

Sincerely,


Jay Minkarah, Director
Manchester Economic Development Office

cc: Hon. Frank Guinta, Mayor



TECHNOLOGY CENTER

Hand Delivered
24 November 2008

Jay Minkarah, Economic Development Director
City of Manchester, Economic Development Office
One City Hall Plaza
Manchester, NH 03101

Dear Jay:

This letter reports on our Pandora rehabilitation project. This letter also addresses the current status of our efforts under our "Purchase and Sale Agreement" with the City for the Granite Street Lot, the Seal Tanning Lot, and Phillippe Cote Street.

As you know, when we signed the Agreement we anticipated selling the Pandora property to a residential developer. That developer has since backed out of the project and we have decided to rehabilitate the Pandora property ourselves, much as we did our other Millyard properties. We will first replace the roof to stop damage to the building. While that roof work is ongoing, we will complete design of the shell and core renovations, obtain necessary permits and approvals, and then proceed with that work. While that work is underway, we hope to find suitable tenants so that we can best define the interior renovations.

In order to protect the building from further deterioration this winter, we have already completed the following work: selective environmental remediation; selective demolition of interior systems; demolition of the south half of the interior seventh floor and partial reconstruction of the south half of the seventh floor beams and decking; and extensive structural engineering review of beams and decking. Roof replacement and masonry work on brick corbelling and beam pockets is ongoing. We anticipate that by January 31, 2009 we will: complete replacement of seventh floor beams and decking as necessary; remove south half of the roofing; install new beams and decking on the south half of the building; install temporary waterproofing on the new roof decking; with masonry repairs continuing on the east and south sides of building. We anticipate spending in excess of \$1,300,000 by January 31, 2009.

On the parking lot properties, we completed our title examinations, geotechnical work on subsurface conditions, and preliminary structural designs. We are working with our engineers and architect to finalize the designs of the improvements. We hope to have those designs completed soon so that we may apply for all the necessary permits within the next thirty to sixty days. We have spent more than \$60,000 to date on this work.

As I am sure you can appreciate, these combined projects will require much capital and much of our time. We intend to proceed as expeditiously as possible but we will need to extend the closing date under the Agreement. We propose a new target closing of April 30, 2009 with an outside closing date of June 30, 2009. We also need to amend the Agreement so that the intended use of the Pandora property is changed from the exclusively residential use intended by the prior developer. We are in the process of determining the use, which may be office or residential or a combination of office and residential. We understand that we must obtain all necessary approvals for the use we select.

We are committed to these projects. Although we did not originally plan on doing the Pandora rehabilitation ourselves and we did not anticipate the recent upheavals in the financial markets and the economy, we are now committed to restoring this beautiful building into a structure that will grace the City's skyline for another 150 years.

Please get back to me with any questions.

Sincerely,
1848 Associates

Robert M. Tuttle
General Partner

4-2



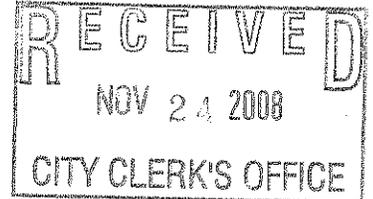
CITY OF MANCHESTER

Economic Development Office



November 24, 2008

George W. Smith, Chairman
Lands & Buildings Committee
One City Hall Plaza
Manchester, NH 03101



RE: MHRA Expenditures for Jac Pac

Dear Chairman Smith and Members of the Committee:

Please find attached a letter from Ken Edwards of the Manchester Housing and Redevelopment Authority detailing their expenditures from 2004 to the present for the acquisition and maintenance of the Jac Pac site as requested at the September 16, 2008 meeting of the Committee for consideration at your next meeting.

If you have any questions or concerns or require additional information, please feel to contact me at your convenience. Thank you for your consideration.

Sincerely,


Jay Minkarah, Director
Manchester Economic Development Office

cc: Hon. Frank Guinta, Mayor

10-21-2008



Dick Dunfey
President

MHRA I, Inc.

William B. Cashin
Treasurer
Marion G. Russell
Secretary
George N. Copadis
Director
Fern G. Gelinis
Director
M. Mary Mongan
Director

September 30, 2008

Jay Minkarah
Director, Economic Development Office
City of Manchester
One City Hall Plaza
Manchester, NH 03101

RE: Jac Pac

Dear Jay:

Enclosed is the budget summary for expenses at the Jac Pac site in accordance with Project #3 , Acquisition and Maintenance of Jac Pac Property dated September 24, 2004, (copy also enclosed) under our Cooperation Agreement with the City.

The summary indicates a total cost through 8/31/08:	\$3,474,165.61
Payments from the City to date total:	\$3,391,933.22
Current balance due MHRA through 8/31/08:	\$82,232.39
In addition, we anticipate expenses though closing for utilities, maintenance and security, administration and legal fees totaling approximately:	\$20,000.00

Please obtain City approval for payment of the outstanding balance and anticipated expenses through closing. We will bill for the September costs and closing costs once the actual expenses have been incurred.

Do not hesitate to contact us if you have any questions.

Sincerely,

Kenneth R. Edwards
Assistant Executive Director, MHRA

cc: Bill Sanders, Finance Officer, City of Manchester
Carl West, Finance Director, MHRA

5-2



JAC-PAC Budget	3,000,000.00		100,000.00	70,000.00	42,500.00	25,000.00	5,100.00	84,000.00	94,500.00	75,000.00	3,496,100.00
	Acquisition	Taxes	Demolition	Admin./ Prof. Expert.	Environ. Due Dilig.	Insurance	Title Insurance	Maint. Security	Utilities	Strategic Plan	Total
9/30/2004				18.72							18.72
10/31/2004				131.06	170.00						301.06
11/30/2004					1,800.00						1,800.00
12/31/2004											0.00
1/31/2005	2,500,000.00	54,696.60		18,688.38	19,610.27	3,450.00					2,596,445.25
2/28/2005				12,217.19	5,723.79			3,200.00	2,671.88		23,812.86
3/31/2005				542.63				5,702.10	5,346.54		11,591.27
4/30/2005				1,827.89				3,200.00	3,581.70		8,609.59
5/31/2005				4,096.90				3,200.00	2,359.81		9,656.71
6/30/2005				663.37				3,920.00	2,077.94		6,661.31
7/31/2005	500,000.00			935.56				3,120.00	2,317.36		506,372.92
8/31/2005				3,154.09				4,694.00	2,474.28		10,322.37
9/30/2005				414.67				4,720.00	2,221.29		7,355.96
10/31/2005				188.13				2,584.57	2,648.30		5,421.00
11/30/2005				679.96				3,255.00	2,359.89		6,294.85
12/31/2005				380.72		3,450.00		3,920.00	3,539.75		11,290.47
1/31/2006				1,955.49				3,256.34	1,102.84		6,314.67
2/28/2006				1,357.82				4,791.42	4,824.06		10,973.30
3/31/2006				1,541.69				4,227.07	3,544.51		9,313.27
4/30/2006				1,469.80				3,294.98	2,742.12		7,506.90
5/31/2006				550.59				3,200.59	1,828.05		5,579.23
6/30/2006				1,298.88				4,213.55	2,005.49		7,517.92
7/31/2006				1,857.53				3,258.18	2,018.26		7,133.97
8/31/2006				428.89				5,494.00	1,714.85		7,637.74
9/30/2006				5,929.34				3,450.73	1,896.77		11,276.84
10/31/2006				1,968.19				3,331.59	2,044.56		7,344.34
11/30/2006				568.24				4,724.53	1,996.13		7,288.90
12/31/2006				1,012.07		3,450.00		3,701.95	2,160.16		10,324.18
1/31/2007				2,418.59				3,071.86	2,610.53		8,100.98
2/28/2007				3,462.79				4,811.95	3,475.78		11,750.52
3/31/2007				2,894.81				4,444.74	3,548.74		10,888.29
4/30/2007				2,143.83				3,200.00	3,169.25		8,513.08
5/31/2007				2,616.67				4,267.24	1,967.89		8,851.80
6/30/2007				5,021.61				3,254.14	1,685.68		9,961.43
7/31/2007				4,029.75				3,448.85	1,869.13		9,347.73
8/31/2007				3,254.55				5,594.86	5,556.89		14,406.30
9/30/2007				581.55				3,401.78	2,269.82		6,253.15
10/31/2007				708.05				3,332.65	1,436.02		5,476.72
11/30/2007				4,007.54				3,969.84	2,822.41		10,799.79
12/31/2007				640.19				3,200.00	2,931.25		6,771.44
1/31/2008				782.88				4,061.45	3,046.29		7,890.62
2/28/2008				1,693.90		3,450.00		3,656.37	2,876.38		11,676.65
3/31/2008				254.90				3,323.43	2,639.28		6,217.61
4/30/2008				703.21				5,030.04	2,249.26		7,982.51
5/31/2008				865.91				4,264.48	1,936.48		7,066.87
6/30/2008				889.09				3,120.00	1,666.21		5,675.30
7/31/2008				391.30				4,212.38	1,712.02		6,315.70
8/31/2008				1,404.03				3,340.51	1,308.98		6,053.52
Total Exp.	3,000,000.00	54,696.60	0.00	102,642.95	27,304.06	13,800.00	0.00	165,467.17	110,254.83	0.00	3,474,165.61
Budget	3,000,000.00		100,000.00	70,000.00	42,500.00	25,000.00	5,100.00	84,000.00	94,500.00	75,000.00	3,496,100.00
Balance	0.00	(54,696.60)	100,000.00	(32,642.95)	15,195.94	11,200.00	5,100.00	(81,467.17)	(15,754.83)	75,000.00	21,934.39

PROJECT NO. 3
UNDER COOPERATION AGREEMENT DATED NOVEMBER 6, 2002
ACQUISITION AND MAINTENANCE OF JAC PAC PROPERTY

The City of Manchester agrees that the Authority, acting through a subsidiary known as MHRA I ("Subsidiary"), shall take title to the so-called Jac Pac property as described in the Purchase and Sale Agreement between the City and Tyson Foods, Inc. The Authority, through the Subsidiary, shall do the due diligence required with respect to title and environmental matters and report the results to the Mayor of the City of Manchester. If the results are satisfactory and the City decides that it should exercise its rights to acquire the property under the Purchase and Sale Agreement, MHRA I shall take title as set forth above and, thereafter, shall maintain the property for security purposes based on the terms and conditions to be given to it by the City. At such point as the City has further use for development of the property, the City shall so instruct MHRA I and MHRA I shall cooperate and perform such duties as given to it by the City. The estimated project budget is attached as Exhibits A1 and A2.

The Authority and the Subsidiary shall make progress and financial reports from time to time as requested by the City.

Project approved by City Solicitor on 8/14, 2004.

Project approved by Board of Mayor and Aldermen on August 25, 2004

Project approved by Manchester Housing and Redevelopment Authority on 9/24/04

2004.

EXHIBIT A1

City of Manchester
New Hampshire

In the year Two Thousand and Four

A RESOLUTION

"Amending the FY 2005 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Three Million Four Hundred Thousand Dollars (\$3,400,000) for CIP 613105 "Jac Pac" Acquisition Project."

Resolved by the Board of Mayor and Aldermen of the City of Manchester as follows:

WHEREAS, the Board of Mayor and Aldermen has approved the 2005 CIP as contained in the 2005 CIP budget; and

WHEREAS, Table 3 contains all sources of Cash funds to be used in the execution of projects; and

WHEREAS, for the purpose of economic development the Board of Mayor and Aldermen desires to provide funding in the amount of \$3,400,000 for the acquisition of the so called "Jac Pac" project and related development costs; and

WHEREAS, funds in at least that amount are available from the City's "Special Revenue Reserve Account";

NOW, THEREFORE, be it resolved that the 2005 CIP be amended as follows:

1. By decreasing:

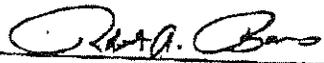
"Special Revenue Reserve Account - \$3,400,000

By adding:

FY2005 613105 - "Jac Pac" Acquisition Project - \$3,400,000 Special Revenue Reserve Account

Resolved, that this Resolution shall take effect upon its passage.

August 25, 2004. In Board of Mayor and Aldermen. Passed to be Enrolled.


Mayor

Associated costs

EXHIBIT A2

<u>Items</u>	<u>Cost</u>	<u>Source of Funding</u>
Acquisition	\$3 million	OTR
Demolition	100,000	OTR
Admin/ Professional Exp.	70,000	OTR
Envvtl. Due Diligence	42,500	OTR
Insurance	25,000	OTR
Title Insurance	5,100	OTR
Maintenance / Security	84,000	OTR
Utilities	94,500	OTR
Strategic plan	75,000	MDC
Total	\$3,495,850	

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,

L. 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.

L. 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

[Signature]
~~CITY CLERK~~

8-11-06 Tabled
10-23-06 Rescinded
Tabled



**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,

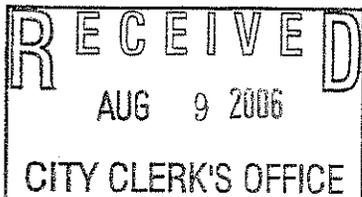
Attached is a copy of correspondence from Lowell Terrace Associates proposing a mortgage/debt consolidation for the property on the northwest corner of Lowell and Chestnut Streets. This is the item that I spoke to you about last week. With your permission, I would like to have the item discussed at the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



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WILLIAM STEELE & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

40 STARK STREET

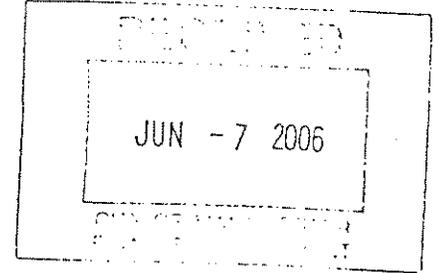
MANCHESTER, NEW HAMPSHIRE 03101

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.

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

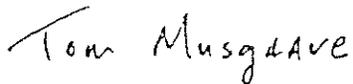
3. A 4% commission would be paid to a third-party broker to facilitate the sale.
4. A New Hampshire real estate transfer tax equal to .75% of the market value would be payable.
5. A New Hampshire Business Profits Tax equal to 8.5% of the gain recognized on sale would be payable.
6. There will be approximately \$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.



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>	

5-12

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.

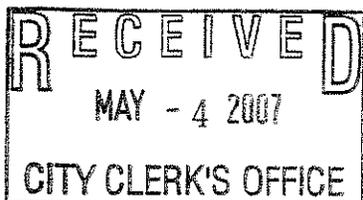
We were and are partners in saving a significant building in Manchester. We have worked closely together for over twenty-three (23) years in restoring and subsequently operating the property through good times and bad. We need to look at the deal itself and move forward to clarify the standing and term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



5-13

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
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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
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		
	63,169	61,040
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
LONG-TERM LIABILITIES		
Notes payable, net of current portion	602,764	671,541
	935,750	1,005,259
TOTAL LIABILITIES		
	935,750	1,005,259
PARTNERS' CAPITAL (DEFICIT)		
	(746,535)	(810,763)
TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$ 189,215	\$ 194,496

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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>

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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>

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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	<u>(42,000)</u>
BALANCE, December 31, 2005	(810,763)
Net Income	64,228
Cash Distributions to Partners	<u>-</u>
BALANCE, December 31, 2006	<u>\$ (746,535)</u>

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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)	-
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>62,232</u>	<u>83,392</u>
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)
	<hr/>	<hr/>
NET CASH USED BY FINANCING ACTIVITIES	<u>(72,944)</u>	<u>(107,895)</u>
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

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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

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

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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	2/3/00	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

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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

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

Lowell Terrace

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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

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

Lowell Terrace

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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

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
180	Jul-13	\$6,885.71	\$ 17.17	\$ 6,868.53	\$ (0.00)
	Total	\$ 1,239,426.90	\$ 242,339.14	\$ 997,087.76	

Draft

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.

Draft – September 18, 2001

- 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:	SUB CODE:			
AGENCY CUSTOMER ID #: 22152		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	

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**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:

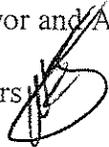
This letter serves to advise that we have not yet received the building level financial information for Lowell Terrace. We have informed Mr. Morgan that this information has been requested by the Aldermen. Mr. Morgan has advised that the information will be forthcoming but we have yet to receive it. 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

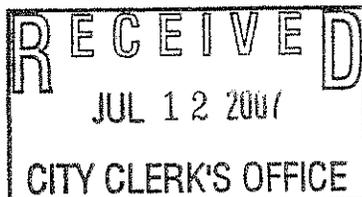
From: Bill Sanders 

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



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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>



Robert S. MacKenzie, AICP
Director

CITY OF MANCHESTER

Planning and Community Development

Planning
Community Improvement Program
Growth Management



Staff to:
Planning Board
Heritage Commission
Millyard Design Review Committee

MEMORANDUM

To: Mr. George Smith, Chairman
Lands & Building Committee

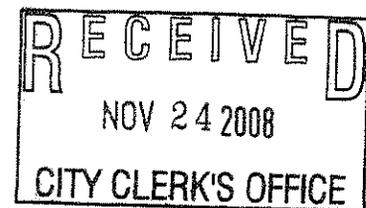
From: Pamela H. Goucher *PHG*
Interim Planning Director

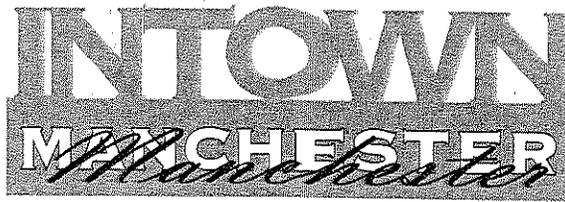
Date: November 21, 2008

Subject: Bethel Court Maintenance

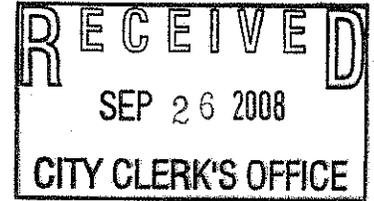
As the Committee may or may not be aware, the City has an Agreement with the MHRA to oversee the management of a building at 2-4 Bethel Court. This building is a three-family residential unit purchased by the City in anticipation of a future library expansion. The MHRA has notified the Planning Department of a need to make several capital repairs and improvements to the building. The work includes the removal of deteriorated rear porches, the addition of vinyl siding and window trim, and the installation of five new windows. The low bid for the work is \$28,925, submitted by EnviroVantage.

The MHRA has indicated that there are sufficient funds in the revenue account to take care of the needed repairs and, in keeping with the terms of the Agreement, is seeking approval from the City to move ahead with the work. As such, the Committee's approval of this request is respectfully requested.





September 24, 2008
Honorable Frank Guinta and Board of Aldermen
City of Manchester
One City Hall Plaza
Manchester, NH 03101



RE: Lighting on Granite Street

Dear Mayor Guinta and Aldermen,

At the September 17, 2008 meeting of the Intown Board of Trustees, the matter of decorative lighting for Granite Street was discussed. As we understand the situation, there currently is no access to electricity for this or any other civic purpose. This information came to light during our planning process for holiday lighting.

We were recently informed by Mayor Guinta that a review of the situation was being conducted by his staff and the Highway Department. We thank those involved in the review for taking this matter under immediate consideration.

Because the Granite Street project has such high visibility as the gateway into downtown, the Intown Board was concerned that the lack of decorative lighting would greatly diminish the impact of this entrance as our corridor to night life and entertainment. As it stands now, there will be neither twinkle lights in the trees along the medians nor holiday lighting on the poles.

Further, we understand that the Granite Street project is very close to being completed, and the remaining sidewalk openings will be completed in a matter of days. Because of the time constraints, the Board of Trustees felt it necessary to convey their concerns and respectfully offer some suggestions.

We understand that changes at this late stage can be costly, so the Board discussed some alternatives which you may want to consider and refer to the Land and Buildings committee.

- One suggestion was to act, before the sidewalks are completed, to install the necessary infrastructure and deal with the actual power installation at a later date. Conduits for electricity could be installed from the sidewalks to the medians, while Granite Street is still under construction.
- Another suggestion was to investigate solar power for commercial use. Such a commercial application for solar power should be powerful enough to last a minimum of 8 -10 hours and energize a few hundred lights for each tree or lamp post. These units should have the capacity to deflect (melt?) snow and ice, so energy absorption would not be diminished, and be strong enough to withstand damage in urban settings.

I will be happy to make myself available for further discussion. I can be reached at 669-6194. Thank you for your consideration.

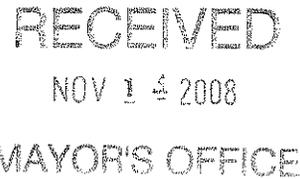
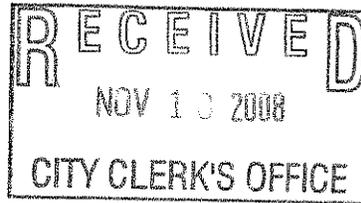
Sincerely,

Dick Anagnost ^{SAC}

Dick Anagnost, Chairman, Intown Manchester Board of Trustees

In Board of Mayor & Aldermen
Date: October 7, 2008
On Motion of Ald. Shea
Seconded by Ald. Smith
Voted to be referred to Lands and
Buildings
[Signature]
Deputy City Clerk

7



Dear Mayor Guinta,

There has been a considerable public demand for a city dog park for some time now. I have been working on a way to solve this problem and have found a way to accomplish this with no cost to the city or taxpayers.

There is currently open space on Bass Island where the former blacksmith shop used to stand. Since this is already city owned property with it's own parking, along with parking across the street at Bass Island Park, all that is needed is fencing in order for it to be used as a dog park. I have identified a donor willing to provide the materials and installation of the required fencing to make the city dog park a reality.

I have spoken with Chuck DePrima, the acting Parks and Rec director, who is in full support of the idea, and recently the Parks and Rec commission unanimously voted to create a dog park in the city of Manchester. With the site being located next to the Piscataquog River Trail, and the Hands Across the Merrimack Bridge, this location would be ideal for such a community area.

I will be also meeting with the abutting land owner, Mr. McDowell in order to request his participation in the project as he has been trying to sell his parcel for some time now and might be interested in allowing the "Manchester Dog Park Association" to lease the land or raise the funds to acquire it.

I request your help in moving this forward so the dog owners of Manchester can finally have a place to allow their dogs to interact, exercise, and be "off leash" as those in nearby towns are able to do.

Respectfully,

Phil Greazzo, Chairman
Manchester Dog Park Association
139 Parker St., Manchester, 03102
603-669-0494

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)

~~IN BOARD OF MAYOR & ALDERMEN~~

DATE: May 15, 2007

ON MOTION OF A.L.D. Forest

SECONDED BY A.L.D. Shea

VOTED TO table.

L.N. Bernier
~~CITY CLERK~~

Respectfully submitted,

L.N. Bernier

Clerk of Committee

~~IN BOARD OF MAYOR & ALDERMEN~~

DATE: April 1, 2008

ON MOTION OF A.L.D. Gatsas

SECONDED BY A.L.D. M Roy

VOTED TO Remove from table and refer to Lands & Buildings

[Signature]
~~CITY CLERK~~