

## **SPECIAL COMMITTEE ON RIVERFRONT/BASEBALL DEVELOPMENT**

**August 19, 2003**

**6:30 PM**

Chairman Wihby called the meeting to order.

The Clerk called the roll.

Present: Aldermen Wihby, Guinta, Sysyn, Garrity and O'Neil

Discussion regarding renovations to Gill Stadium.

Director of Public Works Frank Thomas stated yesterday afternoon at approximately 4 o'clock we received a detailed set of architectural plans for the facility, detailing the renovations and improvements that are going to be made to that facility. Those plans are presently under review by the Building Department, our departments, and I believe a copy of those plans are going to be forwarded over to the Parks & Recreation Department if they haven't been already. We will perform program management construction administration and inspection services for the Gill Stadium project, until such time as we bring on a professional firm. We're in the process now, the RFP process, to bring on a professional firm to work on the contract with the City, not only on the Gill Stadium project, but also on the larger stadium project down by the river. We did go through a request for qualifications process, we received eight interested firms, we short-listed those eight firms down to three, and as I mentioned those firms are in the process of preparing proposals for us. We anticipate receiving proposals from these professional firms on August 26<sup>th</sup>. On August 28<sup>th</sup> we will be interviewing those firms and hopefully shortly after the beginning of September we would like to bring on that firm. That firm, once on board, will supplement our forces and take an active role of reviewing the design, overseeing the construction, monitoring the cost, and reporting not only to Public Works but to this Committee on a regular basis. As far as the construction at Gill Stadium, demolition is underway. They have removed the seating, some of the decking; so active construction is underway right now. Hopefully next week the contractor would like to start some of the site utility work, which includes new power requirements, transformers, etc. So the project is going on quite well. I'd be glad to try to answer any questions.

Chairman Wihby stated the first question is we've heard about the seating. Are we getting what we thought we were getting?

Mr. Thomas answered well again, the plans have just come in. I think one of the issues here is that you have a budget. For that budget you hope to accomplish a lot. Let's face it, investing \$4,150,000 into the Gill Stadium, you're going to see a new stadium basically there. Issues keep coming up. Alternatives were identified in the lease agreement and etc., and I think to answer your question in a nutshell, it's going to be up to this Committee to decide whether you definitely want the chairs with the armrests and the cup holders. Do you want to potentially allocate more money to say identify some of the other needs. I know the developer has a difference of opinion regarding his responsibility on assuming the total burden for the elevator to meet ADA requirements for the press box and to the top tier of the bowl area. However, I know in conversations with him, he's willing to do that work if he can somehow fit it into the total project budget. Now that potentially could mean chopping back from chairs with armrests to bench type seats with backs on them, to save enough money to invest in the elevator, or it may be the Committee's final recommendation or determination it is the developers responsibility to put both the chairs with the armrests and the elevator in. The lease agreement under Exhibit B clearly states that so many chairs with armrests and cup holders would be furnished.

Chairman Wihby stated I guess where we should be coming from when we look at this is I know we're doing it for this baseball team, but should be looking at what we're going to have after they leave and ongoing in serving the City.

Mr. Thomas stated and I think that that's very important. I think long term maintenance has to be an important factor. Do you get something that may be a little prettier now and more comfortable now but in the long run, be more costly and more difficult to maintain?

Chairman Wihby stated okay before we go too far. Are we going to have a chance to look at the seating? Once this comes back, are we going to be able to decide if we want to spend more money to get better seating, or is it going to be too late?

Mr. Thomas answered no, I think...actually at today's meeting I suggested to the developers representative that they start identifying now issues that may be in conflict. Such as what they're recommending for seats, what has been identified in the agreement, and issues like the elevator. Would it be a regular elevator, could it be some type of other elevator, is it their responsibility, so I've asked them to identify all of these areas of potential alternatives that were identified as alternatives or areas that may be of difference of opinion with that of the City or that what was defined in the agreement, identify costs, identify the total cost of the

project so that you can see all the issues, see the cost, see what the bottom line is. Because I don't think, at least I don't see that the developer is here to try to nickel and dime the Gill Stadium project. He's not going to pocket the money.

Chairman Wihby stated no but we should have a choice. I think that if we wanted to put in better seating or better turf or whatever we want to put in that's better than he's going to put in, especially since it's going to be an ongoing situation after baseball, that maybe this Board determines if they want to bond a little more money and have it done. But we should have that say. We will have that?

Deputy Finance Officer Randy Sherman replied yes. The way the agreement is you've sort of allotted to them \$4,150,000 and the City has listed out a number of conditions that they would like to have met. That's what was supposed to be in the \$4,150,000. The elevator was not in there. Now what they're doing is, they're going through and saying okay we're going to stay within this \$4,150,000, now if you'd like the elevator we've got some ideas and how maybe we can save some money. Now, on the seating issue, a couple of issues have arisen and Frank touched on one, certainly the maintenance and the cleaning and those types of issues. Once they start breaking, they are very expensive to replace. The other issues that's come up is that during football season the bands use the stands to sit in. Try playing a sousaphone in an armchair. It probably isn't going to work. So you know they're looking at those types of things to say okay how maybe can we better deal with that also while trying to reduce the amount. Now if the City does decide that you want a different turf, you want to put the elevator in, you do want the more expensive seats, you want to put in something else, you always have the ability to go back and raise that number. They're not going to argue with you if you want to raise the number and throw more money into it.

Chairman Wihby asked when will we know that here's the plan, we're putting in these seats? Are they just going to put them in?

Mr. Sherman replied no, I think that's what Frank's saying is he's having these meetings, they're getting to the point now, they have the final drawings in hand, but I would assume in the very near future those decisions are going to have to be made.

Chairman Wihby asked so before they proceed we will know what turf they're deciding on, what seats they want, all of those different things? We would know before they go ahead and do that?

Mr. Thomas replied except for maybe the turf. My understanding, and I may be wrong on this, is that they have reached an agreement with a vendor on the turf already. Everything else as far as I know is open for discussion and subject to change.

Chairman Wihby asked so we will be able to vote on the other stuff? Actually I talked to Parks today and I guess they're not too concerned with the turf anyway.

Mr. Thomas stated I think Randy made a good point here. I think time is of the essence. Obviously the developer is under a commitment to have this facility operational in March. It is a massive project. Again, the stadium is basically going to be shelled, come down right to the shell, and go up again with additions. It's basically going to be a new facility. I think that we have to move fast, I think that this Committee is going to have to potentially meet on a fairly regular basis to make some of these decisions, however, I think what you're asking, do you have the ability to make these decisions? Do you have the ability to cut back in an area, to add to the project if the Board so desires? Yes, I think that that is all possible at this time.

Alderman O'Neil stated Frank you and I were talking briefly out back and you said how they have started to do some of the demolition, there was a lot more rot in the flooring, in the decking of the facility then thought of, so that's obviously going to effect...

Mr. Thomas responded correct. Any renovation project, once you get in and start taking up floors, ripping down walls, you always are going to find unexpected, and they already have found. They have found some weakened supports, they found that the flooring system in there was pretty much totally shot that's going to have to be addressed. I mean some of these things were anticipated, but some haven't been.

Alderman Garrity stated question for Tom Clark. I have the lease agreement here in front of me for Gill Stadium, Exhibit B. I want to address down towards the bottom where it says stadium seating. It says the seating capacity shall be 3,276 seats and with 720 seats for the bleachers. My question to you is, is this a binding document and something that the developer has to abide by?

City Solicitor Tom Clark answered yes at this point its part of the lease. Those are the specifications the City set forth. If there are going to be changes, it will have to be brought to the Committee.

Alderman Garrity stated okay, so approximately 2,500 of the seats have to be the self-rising armchair seats, without question?

Mr. Clark answered that's what you have in your lease with them right now, yes.

Alderman Garrity asked where is the developer? Is he here to answer any questions tonight at all? The developer is not here?

Mr. Sherman replied no they are not here. We had talked about it and decided that this is really more of a meeting for the Aldermen and the staff to sort of figure out where we're going and be able to talk so Frank can go back and have these weekly meetings that he's having.

Alderman Garrity stated Mr. Chairman I would hope that the developer is here at the next meeting. I mean this is his signature on this copy of this lease, and if we are going to discuss the lease, I would hope that the developer could attend the meeting for questions and things of that nature.

Chairman Wihby stated and I guess I don't have to tell you this, but I think when we proceed with the Gill Stadium we should be proceeding with the idea that it's our stadium, it's going to be ours when it's all over, and what do we want it to look like when it's finished. Not just getting sufficiently enough for baseball and after that it's ours and we're going to have to suffer or change things or do everything. So I think we want to look at it as it's still ours, it's going to be ours when it's done, and what's good for what we want, and if we don't have an elevator in the thing and we're making him pay, then maybe we should be paying for an elevator, but those are the types of things that we shouldn't try to...because we're putting in an elevator try to keep it within this limit and then get something that in two years from now we're going to end up with something that we don't want and say well say that's the way that baseball...and blame someone else for it. We should be looking at it like it's ours and I think you know that. There's a lot of things going around, what's going on and what's happening and everything else, and I think that we want to make sure that we look for it... I had a discussion with Parks today, with Ron. The sign is on the outside. I've gotten a lot of phone calls from people who wanted to keep them. I think, and I don't know if you know Frank, but I guess the ones that are down are the only ones that are coming down for now. There's not any more coming down.

Mr. Thomas stated the whole issue of the signs were discussed maybe two meetings ago when it became an issue, shortly after it became an issue, and basically we go assurances from the developer that he will address the sign issue any way within reason that this Committee wishes to go. He was willing to at one time, and I don't know if he still is, I can't speak for him, was willing to put up almost a bronze plaque on the facility somewhere, however, if it's this Committee's determination that those plaques should go back in front of each one of the trees that are out there, so be it.

Chairman Wihby asked but the ones that are down now, just basically on Valley Street, the other ones are all staying up? What's down is what's going...there's not going to be additional ones down?

Mr. Thomas answered at this time that is correct. Now if there's some utility work off to one side that might affect them, but I believe you're correct. I believe what's down in front is what's...

Chairman Wihby stated when I was talking to Ron Ludwig today, I guess my question to him was is can we put them back easily enough after baseball is over with, if we want to do that and that was Alderman Gatsas' suggestion back when we talked about it a couple of weeks ago. And the answer was yes we can put them back and a matter of fact the ones that are down now he can start fixing, painting them over and go through the whole facility so that they are all nice looking again.

Mr. Thomas stated that's my understanding. Ron I believe has information to identify where each sign...what tree belongs to what sign.

Chairman Wihby stated I thanked him for that because I understand when they took them down they didn't keep that themselves, what Ron did.

Mr. Thomas stated and that's a positive.

Alderman Garrity stated I may have missed it Frank, but how many bleachers are they proposing, the developer for the...or have they come to a determination yet? Is it more than 720 seats?

Mr. Thomas answered as far as I know the bleachers, temporary aluminum bleachers, 1,620.

Alderman Garrity asked that's the proposed seating for the bleachers? 1,620 seats?

Mr. Thomas answered I believe so. Eight hundred and ten on either side of the field.

Alderman Garrity stated question for Tom Clark. Can the developer do that according to this lease agreement? I guess the answer is no?

Mr. Clark replied as Frank Thomas pointed out before, he's asked the developer to come back with a listing of everything that varies from what is in the written lease and will come back to the Committee and let the Committee decide. Right now the lease is what it is.

Alderman Garrity stated right now the lease is what it is so we shouldn't even be debating anything more than 720 seats of bleacher seats.

Mr. Clark stated I don't think that has been brought back to the Committee yet. I didn't know we were debating that.

Alderman Garrity stated but it shouldn't even be brought up for discussion. I mean he hasn't spoken to this Committee yet. So why do we have 1,620 bleacher seats? It says 720 in the lease agreement.

Mr. Thomas answered again, as I mentioned this developer is trying to produce the best product and stay inside the budget. Any variances from the agreement, from the lease, are going to be eventually coming back to this Committee for final determination. I guess what he's determined is that he can fit 810 bleachers on either side of the field and that's what he's proposed.

Alderman Guinta stated a couple of quick questions regarding the bleachers. The 810, is there an additional expense to that than having the 720?

Mr. Thomas answered there hasn't been any cost identified. Again, he has put together a set of plans by his consultant out of Kansas, Howard Needles, HNT & B, as a basis Rule 58 of the Baseball League.

Alderman Guinta stated and secondly are we going to receive updates at each meeting as to how much money has been spent to date?

Mr. Thomas replied that is correct. One of the define functions of the consulting firm that we're bringing on is to track cost on a regular basis and yes we can have that information when you meet.

Alderman Guinta asked but we don't have it for today?

Mr. Thomas answered no. There hasn't been any disbursement of funds to date. We will be talking to the developer and the contractor on Monday to go over the first requisition.

Alderman Guinta asked and how often would we be disbursing funds? Has that been determined yet?

Mr. Thomas answered monthly.

Alderman Guinta asked and you're going to bring on a consultant?

Mr. Thomas answered that is our intent to bring on a consultant.

Alderman Guinta asked and what is the process for choosing that consultant? Or has that consultant been chosen yet?

Mr. Thomas answered we are in the procurement process now. We went out for request for qualifications, we got eight firms, we short-listed those eight firms down to three firms, we've asked them to prepare proposals, proposals are due in on the 26<sup>th</sup> of August.

Alderman Guinta asked have you set the fee or are the fees in the proposals?

Mr. Thomas answered the fees are going to be in the proposals. We're asking for fees in two ways so we can maintain our total flexibility. We've given them the overall detail of both projects, the entire stadium plan, schedules, dollar values, and what we wanted from the professional firm, they will give us a lump sum price to do what they feel with man-hour backups. We will also be getting hourly rates with overhead and profit so that we can adjust accordingly so that we can tailor the scope of work to our actual needs.

Alderman Guinta asked what's the primary function of this consultant?

Mr. Thomas answered he's going to provide construction management services for the City of Manchester in the third party role. You have the developer; the developer has a program manager, which is Harvey Construction. Between the developer and the program manager, they will be contracting for the design, construction for the construction, overseeing the construction and making sure that the plans are followed and schedules are adhered to. Our role is, again, third party to make sure that number one the designs are true and that our permits are obtained properly, the schedules are obtained, the construction is being performed, not on a day-by-day action, but to oversee as a third party role. The reason for that is that we do not want to step in and assume any of the developer's liabilities and responsibilities as far as producing a product that meets building codes, safety codes, etc. So it's to protect the City's interest. That's what this firm is be going to do.

Finance Officer Kevin Clougherty stated Aldermen this is the same approach that we used on the civic center. In that capacity we had a gentleman by the name of Peter Levy, who was the City's representative. What you want to do is have

somebody that has experience building these big buildings. We had a similar thing with the airport. An engineering firm representing the City's interest overseeing the development, and they're familiar with how these things are built. There are some unique things that are peculiar to the building of an airport, to the building of a building like Verizon and to build a stadium. So the more that we have that expertise on our side it helps bolster Frank's ability to make sure that the project is being done, and also when you get into some of these questions about value engineering, they're a great resource for you to be able to talk about what's going on in different places and how it was handled and it just gives us a dimension and it was very beneficial to us when we did the Verizon. So that's a consistent approach and the process for selection is the same as has been used in the past on these other major projects in the City.

Alderman Guinta asked when do you plan on choosing the consultant?

Mr. Thomas answered we are receiving the proposals on the 26<sup>th</sup>, we're going to conduct interviews of the three firms on the 28<sup>th</sup>, and hopefully by the first part of September we will have a recommendation to award.

Alderman Guinta asked so you bring a recommendation to this Board or do you make the decision?

Mr. Thomas answered I can bring it to this Board if you so desire.

Alderman Guinta asked do you have an idea of what we're expecting to spend on this consultant? Do you have a ballpark?

Mr. Thomas answered no, not at this stage. I wouldn't want to hazard a guess.

Alderman Guinta stated the other thing you mentioned was one of the consultant's responsibilities is building permits. Can you talk about building permits to date? Have they been applied for and approved?

Mr. Thomas answered they've received their demolition permit, that is allowing them to proceed with the demolition that I mentioned. There was some discussion today about getting a limited electrical permit so that they can start some of the outside transformer work. The transformers that are on site are owned by the City, they're not owned by Public Services, so in order to get some of that work in, they're going to be applying for a limited electrical permit probably next week. As I mentioned the architectural plans just came in yesterday. Those architectural plans probably have 200 sheets in them and 10 inches of specifications so I would assume it's going to take a couple of weeks as a minimum to get those reviewed and approved and then modified and those will be the basis of the building permit.

Alderman Guinta asked so at this point the only permit...there was only one permit really that we needed, which was demolition and then at some point a limited electrical?

Mr. Thomas replied that's correct.

Alderman Guinta asked and the demolition permit you said has been obtained. Has it been paid for?

Mr. Thomas answered no because the agreements that I've read show that the City is assuming the cost of all permits.

Alderman Guinta asked that's in the lease agreement?

Mr. Thomas replied that's in both agreements I believe.

Deputy Building Commissioner Max Sink stated Alderman the demolition permit was paid for and that was pretty much due to just out of expediency the general contractor wanted to get going and we did not have an answer for him at the time, so we charged him. He was willing to pay the cost.

Alderman Guinta asked but going forward there's an understanding that permits will not be paid for?

Mr. Thomas answered again, the development agreement that I'm going by notes that building permits by owner, City owner. So I guess that's what the City agreed to.

Alderman Lopez asked Chairman can I get a clarification please? I'd like to let the Committee know we had some discussions about this and also Mr. Arnold, Tom Arnold, in reference and he said it was totally up to the Building Commissioner as to whether the permits are going to be paid for and under the executive summary proposal 2.9, and I think you had some questions as to whether or not you were going to charge these people, because I believe it's revenue. Because it's in the enterprise system and it's not a City owned building as we bypass the permits on a City owned building, whereby this being an enterprise system that Tom Arnold indicated to me, unless Tom Clark would like to weigh in on this. Is an enterprise system, therefore, permits would be charged. Would you weigh in on that please? On my conversation with you?

Mr. Sink replied yes my understanding is that Leon had discussions with both Tom Arnold and I believe the Finance Department, and the understanding from those discussions was that these would be exempt, would be waived, even for Gill

because although it is an enterprise account, the only revenues generated from that account are from the School Department and it was considered going from one hand to the other eventually.

Alderman Lopez stated just a follow up. I think it's revenue for the Building Department and say we're allocated another \$60,000 and if they're going to do the job at Gill Stadium, they should be required to get a permit, and if that holds true, then I'm told that the Derryfield Country Club has paid a permit. Is that correct? I mean I don't want to get into that, but if one building the City is not paying, then all buildings should not pay permits. That's just something that Tom Clark should look at.

Mr. Clark responded Alderman we have looked at it and we've discussed it with Leon. The standard practice in the City is not to charge permit fees for City projects. I don't believe one is being charged on the Senior Center. They weren't charged on the Rines Center, they weren't charged on the community center on Lake Ave. The practice also has been if it's a revenue generating enterprise, they would charge fees to a certain extent. That's why the Derryfield Country Club was charged a fee, that is a pure enterprise making money. Gill Stadium is a little different. It's a City owned project, it's nominally an enterprise but only because of the charge backs to the School Department, and as you recall the City with the School Department had an agreement that any charge backs will be agreed to prior to the year during the budget process. And I don't believe these fees were put in their budget.

Alderman Lopez stated just a follow up if I may Mr. Chairman. Gill Stadium is in the enterprise system. All of the expenses are in the enterprise system. So I think that makes it very valid as to why the permits should be paid and I wish the Committee would take that into consideration.

Alderman O'Neil stated keep in mind that if permits are paid for Gill Stadium, that is actual dollars that can not go into construction there, so in my opinion it's a waste of money to pay a permit there; the enterprise system at Gill Stadium and it's not to be debated tonight. There's been a farce. As we found out, as we've gotten into this process Gill Stadium is falling apart, so we need to compare apples to apples. And if I may Mr. Chairman not to go off to a different tangent but we can sit here and beat up seats and everything else, but where do we stand with the approval process? I mean we're sitting here, we could spend ten hours talking about seats, how many, what color, all of that. Where do we stand with the approval process?

Mr. Thomas answered the approval process that we have developed right now is that we have the Building Department...

Alderman O'Neil interjected no I'm not talking about that Frank, I'm talking about League approvals and that stuff. Where do we stand with all of that? We can sit here for the next ten hours and talk about fields and all of that but...

Mr. Sherman stated I think it was last week the Mayor sent something out that we've been meeting with the League, we've talked to the League, I guess it was two weeks ago at this point. The last couple of days we've spent considerable amount of time in discussions with the League. I do have here that I was hoping we could discuss tonight, the issues that the League has brought forward relative to the management and operations agreement. In order for the League to approve the relocation they need to approve the management and operations agreement that the club will operate under. They have brought up several issues that they would like the City to consider making some alterations on. I do want to make it very clear this is the League that's making these requests, it is not Drew Weber, it is not the team. As a matter of fact, we've only discussed these very briefly with Drew and any of the recommended proposals that I've put together. If we want to move to that issue, we certainly can do that at this time, but if there's...

Alderman O'Neil stated my point is if we don't get League approval, there's no renovations to Gill Stadium, there's no baseball stadium built. So we can sit here for the next three weeks talking about it.

Alderman Gatsas asked Randy is there a reason why we don't have the accompanied letter and date from the League? When this came in?

Mr. Sherman answered no there's no reason, I just took them and sort of paraphrased them so I could put the City's response and proposal.

Alderman Gatsas asked when were these issues brought to your attention by the League?

Mr. Sherman answered some of them we've been talking about for a couple of weeks, but certainly to actually focus on them and get them narrowed down to the point where we could address them, it was really...we had a call as recently as 10 o'clock this morning with the President of the League. What I have done is on the left hand side I've got what the League issue is and if I can just take a moment, and we can walk through these and my suggestion would be is to deal with them one at a time. I guess I also want to make it clear that these are...there's no guarantees in here. These are just issues that they've brought up. The proposals that I have may or may not satisfy the League, and there's no guarantee that...certainly if the Board decides to go along with all of these, none of these, or some of these, that the League is still going to approve the relocation or not approve the relocation. These are just issues, again, that they've brought up and

we're trying to...when I came forward with the proposal on how I think we could address these, I tried certainly to make sure that the City's interests were best protected. In some instances I actually think that the City is better protected. The first one that the League would like to address is the removal of the principal guarantees, and the reason that they would like that removed is the way that the by-laws are for the League is if there is financial trouble with the team, the League steps in. In essence, what that does is it really negates the need for the personal guarantees. The personal guarantees really don't buy the City anything. There's a legal step in long before the City gets to that point. So what we're saying there is okay if that's the case and that's what the by-laws say, then we certainly can remove the personal guarantees and replace it with language that allows the League to step in and assume control of the team. Now you've got to understand that the way, and I'm just learning this too, with the way that baseball works, it actually starts with the national association but then passes franchises down the ladder and Major League Baseball has assigned twelve teams to the Eastern League, and it is the Eastern League's responsibility to operation twelve teams. They then assign that responsibility or allow that responsibility to be franchised out to different owners. The Eastern League still retains the responsibility to run that team. So if the owner can not run the team, they are obligated by Major League Baseball to stop in and run that team. So that one there, I actually think is certainly subject to debate, but I actually think that having the League step in actually provides the City with a better protection then following through and trying to go after someone for their personal guarantee. Their issue is, is if the League steps in and the personal guarantee is in place and required of subsequent owners the League would be actually holding a non-liquid asset. They don't believe that they would be able to sell, or if they could sell it, it would bring a fairly low price and no one would be able to recoup what they currently have and certainly would put the City in a worse position. So that was really I believe their main issues on that one and if you want I can take questions and comments on that one or I can go through the rest of the list.

Alderman Guinta stated just go over that last part again. When you referring to they, first of all you're talking about the Eastern League?

Mr. Sherman replied the Eastern League?

Alderman Guinta asked if we remove the guarantee and replace it with language stating that the League assumes controls, is there language that requires or mandates the League to assume the lease agreement and the lease payments?

Mr. Sherman answered as you'll notice as they go through on the left hand side, they tried in a couple of places to get out of the lease obligations, the Eastern League, and on the right hand side and we say no. You know certainly if you're

going to step in and operate a team in the City you're going to live up to the current lease that we have.

Alderman Guinta asked is the Eastern League requesting review of the lease or is that provided already to them by the developer?

Mr. Sherman answered they have a copy of the lease, they have reviewed the lease, and these are really the issues that they're trying to have addressed within that lease.

Alderman Guinta asked and they received a copy of the lease before we voted on this or after?

Mr. Sherman answered they got it for their July meeting, so it was after.

Alderman Guinta stated lets assume that the Eastern League takes over. How does that impact the rest of the development project?

Mr. Sherman answered it doesn't impact it at all. Again, they are responsible for running that franchise. That's a responsibility that's given to them by Major League Baseball. So again, what you're better off having is having the League actually step, have the financial backing to now properly operate the facility and the team, rather than having a struggling owner that's filing for bankruptcy and anything else that is trying to go.

Alderman Guinta asked so the City is going to mandate or require that the Eastern League assume all current agreements? All current approved agreements?

Mr. Sherman replied in any of the proposals that I have on the side is that they would take responsibility for that entire lease.

Alderman Guinta asked we're not going to move on that issue at all? I would assume.

Mr. Sherman replied I wouldn't recommend it. I mean certainly the Board can do what it likes. I did not recommend that in any of these proposals that we back away from that lease.

Alderman Garrity asked Randy I'm working off the summary of the development agreement and we're talking about the first issue, the principal guarantee. Does that mean that the League wants us to strike 2.9 in that agreement?

Mayor Baines asked Mr. Chairman could I just clarify something here? We're not talking about the League. The League has not acted as a body. These are only discussions, the issues that have been raised by the President of the League in consultation with his executive committee to try to formulate a proposal that they feel has the best chance of passing Eastern League approval. I just want that clarified.

Alderman Garrity asked so is it 2.9 that the League has an issue with?

Mr. Sherman asked you're looking at 2.9 of the summary?

Alderman Garrity replied yes, I'm working off from that. The guarantee on the bottom there. That's personal guarantees, right?

Mr. Sherman answered no, it would actually be 2.7.

Alderman Garrity asked security deposit?

Mr. Sherman answered no. We're looking at two different agreements.

Alderman Garrity stated executive summary of the proposed development agreement.

Mr. Sherman stated you're looking at the development agreement. No this has nothing to do with the development agreement. This is on the management and operations agreement.

Alderman Garrity asked where is that? I actually don't have that summary. Do you know where it is in the management operations document? I do have the summary. It is 2.7.

Alderman Gatsas asked Randy can you explain to me very slowly and very succinctly why you believe that the League is going guarantee or take over a lease and stay there for 29 years, we should remove personal guarantees if the League moves the team? So really the League if they move that team, there is no guarantee of the lease and no payment to the City.

Mr. Sherman answered one I would tend to correct that. I don't think the League is going step in and try to run the team for 25 years. I think they're obligation is to step in, live up to the terms of the lease, operate that franchise and try to find a new owner. And what they just did down in New Haven they insisted that that franchise be sold, they actually had a call on that franchise, they found a new owner, and it was Mr. Weber's responsibility to buy out of the lease under the

conditions that it was in. So again if somebody wants to move the franchise and they have a 25-year lease, they would need to buy out of the remainder of that lease. They wouldn't be able to just walk away from the lease, they would be held to the terms of that lease and if they want to walk away, you can buy out of the agreement.

Alderman Gatsas stated let's clarify that. Because I believe that the League has the ability to take that team over should the owners be in default.

Mr. Sherman stated for a number of reasons, yes.

Alderman Gatsas stated there's nothing that says that they must operate or stay in operation in Manchester, New Hampshire. They can move it to Glens Falls where there's been two teams moved in and out of there on three different occasions. It's a vacant stadium now.

Mr. Sherman stated you can do a pack up and move at midnight like the Colts did years ago, but you still have to buy out of the lease. When the Hartford Whalers moved to Carolina, they bought out of the lease. When Drew Weber was going to move the New Haven Ravens, he had to buy out of the lease. You still have a legal document that they're obligated to. If they want to get out of that document, there's a financial cost to that

Alderman Gatsas asked who has to buy out of the League?

Mr. Sherman answered in the case of Hartford, in the case of New Haven, it was the team owners that wanted to move that franchise. But when they find a new owner and he decides that he wants to move it to Lancaster, PA, he's going to have to make a financial agreement to break the lease with the City. If that's what he wants...if the City wants to let him out of his lease.

Alderman Gatsas asked is that the legal opinion of the Solicitor?

Mr. Clark answered that language hasn't been agreed to yet. That is what Randy's proposing, that you suggest that the language be incorporated into the agreements that the League has to assume the lease. In that case, if they do assume the lease and they want to move the franchise, they would have to buy out of the lease.

Alderman Gatsas stated I guess the reason why we did this with the personal guarantees, is to put the City in some financial position according to the financial statements that you looked at gave the full Board the understanding that after your review of financial statements, they were in a position to do that.

Mr. Sherman stated I still believe they are, but it's the League now that's come in and asked that that be removed. Again, this is just a proposal that I'm bringing back to the Board. I believe again that having the League actually step in, you would never get to that personal guarantee.

Mayor Baines stated one other clarification with that, that they have made very clear to us in our discussions, is that if fear of keeping that in there; first of all Randy described exactly what Drew had to go through down in New Haven. But secondly, you would have a franchise that in their opinion that could not be sold and if you had a situation with an owner, you always have to look at the worse case scenarios, which I have to give the staff and the legal review of this statement very diligent about that, that the last thing you want to end up with a franchise that has that in it, that could never be sold. And then you'd have...first of all I don't think the League will approve it with that in it, and secondly if they did, maybe they would, if that scenario that you just talked about unfolded it has been conveyed to us very clearly, that they could never sell the team unless that were removed. I think that's what Randy has been trying to articulate.

Alderman Gatsas asked will you get me or whoever wants a copy of the letter that you've received from the League mentioning these changes that they would like?

Mr. Sherman replied yes.

Alderman Lopez stated as in reference to 8.1. I just wanted clarification here as to whether the Committee is going to have full authority to change any part of the leases that are in place now or is that coming back to the full Board? Tom my question is does this Committee have full authority to change any portion of the leases at this time?

Mr. Clark answered at this time no.

Alderman Lopez asked does it have to come back to the full Board?

Mr. Clark answered the Board has to take an action to delegate authority to this Committee and it hasn't done that yet. So any action taken by the Committee tonight has to go back to the full Board.

Mr. Sherman stated the second issue that they have...

Alderman Lopez interjected correction. Let's clarify that again Tom. Any action you said that this Board takes comes back to the full Board.

Mr. Clark stated any action the Committee may take tonight would have to go back to the full Board.

Alderman Lopez asked for final approval?

Mr. Clark repeated for final approval. That would have to occur until such time as the full Board takes a vote to delegate authority to this Committee.

Alderman Lopez stated I just wanted to make a point to the Committee. One of the things that I was pushing for is the personal guarantee. Bill Jabjiniak worked very hard in getting that in there, and I want to make sure that ever happens, whatever recommendation the Committee comes up with, that we make sure, because it seems like we're getting second hitters in the game, so to speak, as to what they want now, and I'm surprised that we didn't know all of this stuff beforehand.

Alderman O'Neil stated I don't think the League could know it ahead of time. There was no deal for them to approve. That's the bottom line. This is just part of the approval process.

Alderman Gatsas stated I guess my question is, we have somebody doing renovations at Gill Stadium, they haven't gotten Eastern League approval, what is our liability? Who is at risk? I mean Frank was talking about a draw down next week.

Mr. Sherman stated right now the developer is at risk. Frank did talk about a meeting we are going to have next week with Harvey Construction to talk about the draw down process, but until there is a financing, which will not take place until there's a relocation. There is no liability to the City. They are doing that all at risk at this point.

Alderman Gatsas stated I don't know if you've heard of Mechanic Lanes, but they're pretty clear that if somebody goes in and does work at a site and doesn't get paid, they can place a lien, and at that point somebody's got to pay the lien to remove it. So I'm not saying that that's going to happen, but we have agreements that were signed on the 15<sup>th</sup> and all of a sudden two weeks later we're hearing that the Eastern League is looking for changes in agreements. I mean who is at risk and is the first million being drawn down their money, the City's money?

Mr. Sherman answered the first million would be their money.

Alderman Gatsas asked are there any other agreements that we should have before us that we don't because they aren't signed?

Mr. Sherman answered no, I think the Board has seen all of the agreements that there are.

Alderman Gatsas asked there is nothing else in abeyance?

Mr. Sherman answered there is nothing else in abeyance.

Alderman Gatsas stated you gave me a document tonight, one page, that was outside that agreement.

Mr. Sherman answered no I gave you a replacement page. The management operations agreement that I printed to you had a wrong number in it, and I gave you that replacement page to replace I think it's page 23 or whatever it was.

Alderman Gatsas asked what was the correct number?

Mr. Sherman answered the \$975,000.

Alderman Gatsas asked it should be \$975,000 instead of \$750,000?

Mr. Sherman replied no, instead of \$1.2 million.

Alderman Gatsas asked could you tell me what page that's on please?

Mr. Sherman answered it believe it was page 23.

Alderman Gatsas asked and that's in the master lease?

Mr. Sherman answered no, it's in the management and operations agreement. It's 7.2.1.

Alderman Garrity asked Randy is that article 7?

Mr. Sherman answered yes, 7.2.1.

Alderman Gatsas stated it's not in the development agreement, it's not in the master lease.

Mr. Sherman stated no, it's in the management and operations agreement.

Alderman Gatsas asked can you tell me where on page 23 the change is?

Mr. Sherman answered it would be the next to the last paragraph. The very last number of that paragraph.

Alderman Gatsas asked so what you're saying, it went from \$1.2 million to \$975,000?

Mr. Sherman answered yes. There was a point in the discussions that that number was \$1.2 million. When we finally finished up and brought it to the Board back in June, the number was \$975,000. The document that I printed for you still had the \$1.2 million in it because that document is unexecuted at this point. That document has not been executed. I have signatures, they are in escrow, but we can not execute that document until it's approved by the League.

Alderman Gatsas asked so there are documents that are unexecuted?

Mr. Sherman answered unexecuted, but you have them all. You have every document that we have. The second issue that the League had is, if you recall in the management and operations agreement, we have the manager putting up a letter of credit equal to three years payments of the guaranteed minimum payment. What the League is asking for us if the League should happen to step in, the request for the letter of credit goes away from the League and from any subsequent owners. The proposal that I would make back to the League or put in front of the Board here, is certainly if the League is in place, again they have an obligation from all of their responsibilities to Major League Baseball to make those payments and we can remove the letter of credit, but we would not remove it for any subsequent owners, and I would put that back in place. And while the League is operating the team, certainly if there is a balance left on that letter of credit and operations are running a deficit, that the City would first draw off the letter of credit before we would look to the other eleven team owners to make that lease payment.

Alderman Guinta asked are they requesting this assuming there's forfeiture within the first three years or forfeiture at any time during?

Mr. Sherman answered that would be at any time. That letter of credit for three years is in place for the full 25 years. So when you're out in year 18, you still have a three-year letter of credit in place that if at that point you need to call on it you can. But what they're saying is again under their by-laws they come in, they step in, they put up the lease, Major League Baseball makes them make the City whole, you don't need to have them carry a letter of credit.

Alderman Guinta asked why not?

Mr. Sherman answered because they have the other obligations in place or they start to lose their franchises. This goes all the way up to the national level, that they have their rights and responsibilities. What they're saying is, is take that off for the League, and they want it off for any subsequent owners, and then say okay well the League is going to step in that's okay. Then again this just a proposal I'm putting back, we could leave it on for subsequent owners but while the League's got it we wouldn't require that letter of credit. But we would also keep in place the old letter of credit that we would be drawing down. So we would in essence be drawing off from 6 to 4 to 3's letter of credit while the League is in place.

Alderman Guinta asked but if the Eastern League has assumed control, that assumes that 6 to 4 to 3 is having financial difficulty and can not pay, therefore, how would we draw down on a letter of credit that probably at year 18 for example is no longer good?

Mr. Sherman answered the letter of credit is irrevocable. That's always going to be there. Now certainly if let's say...

Alderman Guinta asked where does the money come from say year 18?

Mr. Sherman answered he has a letter of credit with a financial institution that the City has the right to draw on. Say for year one, he comes up \$100,000 short, we have to draw on that. He has a responsibility to refund that. But let's say that he doesn't. Year two comes along, we have to draw on it again, and then the League steps in, well there's still a balance on that letter of credit and what the League is saying is when we come in, you're right the teams having a problem, rather than have our eleven owners dip into their pocket and make that payment, what they're saying is, is continue to draw down on the letter of credit.

Alderman Guinta asked and what would be the purpose to draw down on the letter of credit if the League assumes all agreements that were previously agreed to?

Mr. Sherman answered they do but this is one of the things that they're asking for to give them some coverage as well. They are willing to come in and operate the team, and they may very well be operating it at a loss, it's that the City's got a letter of credit in place, you should look to the letter of credit first before you look to the team owners.

Alderman Guinta asked so year 18, just to use that as an example, they come in and they're operating in year 18, and they're operating at a loss, are you saying that if they're operating at a loss they wouldn't be making a payment to the City as agreed to in the lease agreement?

Mr. Sherman answered we would be calling on that letter of credit. If there is no letter of credit, they would be making that payment.

Alderman Guinta stated so there is a letter of credit, we draw down from the letter of credit, what happens if somehow we're denied or the financial institution doesn't pay? Do we then have some sort of...? I know we would go back to the Eastern League but is there some...but I want to know if there's an agreement by which they would honor the full lease agreement? If we expel all other options of paying the City, we need a file backstop, so to speak.

Mr. Sherman answered keep in mind they've tried to back out of that in some of these items and again we keep saying no. And we haven't had any time to write up any language here. We have talked to legal counsel about them, but we don't have any language. But you're right, you would want to have the ability to say okay if you can't get that letter of credit, it's the League's responsibility. Absolutely.

Alderman Garrity stated let's just use the number again. Year 18 the League comes in, takes over the team. And then it's year 21 and there's no more letter of credit left. Then what?

Mr. Sherman answered well that's what Alderman Guinta is saying too. At that point it's the League's responsibility to make those payments.

Alderman Garrity asked and currently do they agree to that or is that part of negotiations?

Mr. Sherman answered I believe that what they're trying to do is say that they don't need to live up to those terms. That's what some of their requests are. Our response back to them is no that doesn't cut it for the City and that's how we have the proposals written, no you will live up the terms of the lease.

Alderman Garrity asked when you say our response. Who is representing the City staff wise with negotiations with the League?

Mr. Sherman answered discussions have been with myself, the Mayor and Kevin Clougherty has been in and Seth Wall has been in some of the discussions.

Alderman Garrity asked and when have these discussions taken place?

Mr. Sherman answered again, we met with them a couple of weeks ago, so we've had calls off and on, but really the last two days have been the...

Alderman Gatsas stated Randy the changes that we have before us really changes the sense of an agreement, and I think that any change changes the subsequent...because I look at this and I can't believe that this agreement, I respect Mr. Weber as a businessman and as a team owner and I think that he runs a great ship in Lowell. I think he's been through this in his Lowell contract. How does he look at this contract and look at it differently then what he did in Lowell?

Mr. Sherman replied the situation in Lowell was much different. The funding came from the State and the University. There was very little city money involved. I even think I believe the Demoula family kicked in substantial dollars on that deal. He makes a very small payment to the City of Lowell. Less than \$100,000 a year for that facility. Very short-term lease, I think it expires in the next couple of years. A totally different situation.

Alderman Gatsas asked so you're saying the City of Manchester struck a good deal?

Mr. Sherman answered I think the City has probably the best deal that you're going to find in the country. We've heard that from underwriters, who are looking to sell these bonds, we've heard it from other League owners, we've heard it from the President, we've heard it from Rick Billings. The City has itself a good, strong deal. Again, the League is looking out for, obviously the League's interest, they're looking out for their interest and there's no doubt about it, and they're looking to make sure that Drew has a successful franchise here and that it can make it in Manchester.

Mr. Sherman stated the third one; the League is well aware of the fact that Mr. Weber has debt that he took out to purchase the Ravens and satisfy all of his obligations with Yale and the City of New Haven. They are looking to get the debt service payments classified as an expense and put it in the flow of funds. Now the way that we originally structured this deal is we listed out, the team gets all of the revenues, and then we listed out all of the qualifying expenses that have to be paid out of those revenues, and there's a flow of funds in what order those payments get paid. At the end of the day, there's the term that we have is net revenues. Now once it gets down to the net revenue part, what we did, and this is the section that Alderman Gatsas was pointing to earlier, we have the participation payment where the City gets the share in the upside in some of that net revenues. Now the first \$975,000 stays with the team. After the \$975,000 is where there is the revenue sharing. The intent of putting in the \$975,000 was to cover the debt service payments the Mr. Weber had on acquisition of the team. Once he's paid for it all he should have some cash flow to make those debt service payments. What the League is saying is, is well those should be classified as an expense and brought above the line, included in the cash flow. They would actually like those

put in the number two position, which would be right after the payments to the City for the lease payments. What my suggestion would be that we propose back or bring back to the League, is say that's fine, we can put the debt service payments into the flow of funds, we can classify that as an expense. That's not a big deal. What we'll do on the flip side is take that \$975,000 and deduct out the debt service payments. So ultimately it doesn't impact the City because again because our payments are before the debt service payments, because my suggestion would be is put his personal debt payments at the end of the cash flow. And then the revenue sharing or the participation payment on the upside doesn't get changed because let's assume he's got \$700,000 of debt payments, I would now take that \$975,000 and make it \$275,000, so you let him pay his \$700,000 but then it's only \$275,000 before you have a sharing. So I don't really see that that changes the position that the City's in, by moving the debt service payments out of the \$975,000 and putting it in as an expense. And again, making that the last payment from the cash flow.

Mr. Sherman stated the fourth one. Again, this is a request or an issue with the League because again they're looking at it as if they have to step in and the owners have to make the debt service payment. What they have proposed, knowing that we have the participation payment and the revenue sharing on the upside, they would like for the team to share in the increase in the valuation off of the lease payment. And they have a proposal here that every \$10 million over \$40 million there is a sharing provision, similar to the way that we have that once it goes over \$80 [million] there's a burn off on the sharing provision. We have all along, all the way back to the MOU and I can find calculations going back to last July that we have always used that \$750,000 as the guaranteed minimum payment. And I would be real reluctant to touch that. But what I have done is, there are two proposals over on the side. If the City desires to share the increment or a portion of the increase in the property taxes between the \$40 million and the \$80 million, my recommendation would be not to offer more than \$50,000. Now for every \$10 million at today's tax rates, you're generating over \$250,000. So in essence for every \$250,000 that the City brings in you would allow the lease payment to drop \$50,000. And again what this gets back to is if the League is looking at it that if they have to step in, and there's no letter of credit left, they have to make that lease payment, well obviously they want the lease payment to be as low as possible. That's why they're making this proposal or making this an issue. That would be proposal number one, is to give them something in that regard. In the end of the day it's about an 80/20 split on those property taxes. And again, for every \$250,000 they City's bringing in, you're allowing them a \$50,000 reduction of the lease.

Chairman Wihby asked what year would that be?

Mr. Sherman answered whenever you start hitting the \$50,000. As soon as you go from \$40,000 to \$50,000...

Chairman Wihby asked you're saying when the credit line goes down? You said when the credit line was gone they would want something like this.

Mr. Sherman answered now I'm just looking at, again if you happen to step in in year 18, and there's no letter of credit left after year 19...

Chairman Wihby asked what year would it be? Do we know? What year the letter of credit would be gone?

Mr. Sherman answered it all depends on the cash flow coming from the team. They may step in and you may only be drawing \$100,000 a year from that letter of credit. That letter of credit could last you 20 years. It could last you one year, could last you...it depends on what they're expenses are. But again that's what they're asking for and that's why I put together proposal one if it's something that the Board wants to entertain. Another way of looking at it and kind of giving them some coverage without, in my opinion, giving them anything, and I believe again that this proposal number two actually strengthens the City's position. The League is looking at the lease payment and they're seeing the \$750,000. They're also seeing the payment that is required on the \$2.5 million worth of debt service over and above the \$25 million. So they're looking at that as about another \$170,000 - \$180,000. So they're sitting there looking at the lease payment of \$930,000 and they're saying that is the highest rent in the League that anybody has. In order to give them some comfort and maybe deal with their issue here, proposal number 2 would be to take that \$2.5 million that we're in essence loaning to the team on a low interest basis, strip that out of the management and operations agreement and actually have a separate, we'll call it a separate loan agreement with 6 to 4 to 3. We would then have that \$2.5 million, so the debt on the \$2.5 million still secured by the revenues from the stadium, we wouldn't change the payment date, we would, however, actually get it secured by the revenues from the suites. Right now they get all of the revenues. You don't have any call on those revenues, you just have a call on the next revenues. It would actually give the City additional security by having the call on the suite revenues and give us some extra protections on the \$2.5 [million]. So what is gives the League is the ability to say okay it's \$930,000 it's only \$750,000 and again we still have the letter of credit in place. And that gets it...it's still probably the second or third highest lease in the League or probably in any League that's out there Double A or lower. And that would then be the team owners' responsibility. The payments on the \$2.5 [million] will remain with 6 to 4 to 3, but the City would then have the security of the suite revenues. So we would lock up the suite revenues enough to make sure that the City is getting those payments.

Alderman Guinta asked what's the strongest of the three positions? I would assume it's the current agreement.

Mr. Sherman answered the strongest of the three positions is the current agreement where the League would have to step in and make the full \$930,000.

Alderman Guinta asked have you already proposed this to them? One of these proposals?

Mr. Sherman answered we have talked about all of the issues on the right with the League to find out...and again, we're talking to the League President, he doesn't get a vote, he's just listening to the owners and he's trying to really mediate the issue. He kind of thought that proposal number two would get us there. I could probably tell you if you went with proposal number one this thing probably would fly through like that. If you went with proposal number one. Because that gets them so they can go from \$930,000 down to \$730,000. Because that's the most. Proposal number two though gets them to \$750,000 and he kind of liked the idea of how we were handling that one. Again, part of their issue is, I'm in Akron and I've got to go back and renegotiate my lease and if somebody wants to know what they're paying to Manchester, right now it's \$930,000. They like the idea that it's \$750,000, and they have to kick that money out of their individual pockets if the League ever has to step in and there's no other recourse.

Alderman Guinta stated let me ask you a question on proposal two. It's \$750,000, the payment, plus we get suite revenue?

Mr. Sherman answered what we would do is, 6 to 4 to 3 would still make the payments out of the flow of funds from the stadium on the \$180,000 a year. So they're going to pay the \$750,000 plus the \$180,000. If there's ever a default, let's say the League does step in and takes over, the League now pays the \$750,000, the City would have a lien on the suite revenues. So the suite revenues wouldn't go to the League, they'd go to the City, to the extent we needed to pay the debt.

Alderman Guinta asked are we assuming that if the baseball team is in trouble and the Eastern League is taking over, that we're still going to have suite revenue?

Mr. Sherman answered yes, I did the calculation. They're looking right now at 34 suites, and we probably would need on today's rates, and where it was in the feasibility study, probably about 9 suites to be sold in order to cover the lease payments.

Alderman Guinta stated to me I would think that we need to really stand firm on our original position. I understand the other team owners; they're the ones who vote right? Each team owner? And there's how many teams in the League?

Mr. Sherman answered there's twelve teams in the League and Drew is one of the owners and he will not get to vote.

Alderman Guinta stated so it's eleven people who are voting. And what they need to approve?

Mr. Sherman answered I believe it's just a simple majority. So they'll need six.

Alderman Guinta stated I think we need to stand with our original figure, original document. I mean that puts the City in the best position and I don't know that we really want to be negotiating down from...we need to be very conservative and concerned about the payments to the City, and making sure that those payments...the initial \$930,000 is what we agreed upon and I think we need to make a clear statement that the \$930,000 is what we need to achieve. I don't know how you do that without giving up something, but to me it's pretty important to really stay at that \$930,000 figure, or very, very near that \$930,000 figure.

Mr. Sherman stated I really do think that proposal two leaves you at the \$930,000.

Alderman Guinta stated the concern I have though...

Mr. Sherman interjected is if there aren't suites.

Alderman Guinta stated if the team is in trouble for some reason because people aren't going to it, then I'm not going to buy a suite.

Mr. Sherman stated that's right, but keep in mind you still also have the letter of credit in place. I mean we do have other provisions to protect the City. So again, if the League does have to step in and the letter of credit is still there, I would not give in. I know it doesn't say it here, but I wouldn't give up the fact that the letter of credit could be drawn on this issue as well.

Alderman Guinta stated but they're not bringing up that issue.

Mr. Sherman stated they didn't bring up that issue, but again I would still see that when we write that language that that would still be there. I'm trying to bring forward some ideas to address the League's issues. Ultimately at the end of the day, whatever flies or doesn't fly with the Board, it ultimately is going to go back

to the League and they'll vote it up or down. Effectively that's last and best offer from the City and that's what we're just trying to maybe address some of their issues. I understand your concern and I think that two certainly protects...number one doesn't give you your \$930,000 because you're giving away some of your tax dollars. I think proposal two still gets you your \$930,000.

Chairman Wihby asked does it get you more if you lease more than nine?

Mr. Sherman replied no because again all you'd be looking for is your debt service payments.

Alderman O'Neil asked Randy what's the number on proposal one?

Mr. Sherman answered if you go all the way from the \$40 million up to \$80 million, what this would do is reduce the \$930,000 down to \$730,000 because you'd be giving up that \$200,000. Now that would come in dribs and drabs along the way, unless they put \$80 out there in the first couple of years, but until you hit that \$50 it wouldn't go down at all.

Alderman O'Neil asked and the intent here is to try to find something that is agreeable to the City that the League owners will also agree on? Otherwise we can take any position we want. If they don't approve it, we still don't end up with a team.

Alderman Guinta stated I'd like to just follow up. The intent here is not to just have a team, the intent is to make sure that it's a revenue generating and producing entity and zero liability or zero tax assessment to anybody outside of that site. So that to me is the goal here, it's not just to bring baseball here. So we need to play hardball, so to speak, on the revenue figures.

Alderman O'Neil stated but my point was at some point if we're not willing to work them to reach an agreement, we may end up with nothing down there if they don't approve the transfer of the team to here.

Alderman Garrity stated I agree with Alderman Guinta. This was always billed as a tax positive project. In my opinion proposal one reduces that tax positive. That's unacceptable.

Mr. Sherman stated it will be tax positive, it just wouldn't be as much. I agree.

Alderman Garrity stated but it will be less.

Mr. Sherman replied yes.

Alderman Garrity stated proposal two hinges on if we're going to sell nine suites or not. This point here is not something that I am willing to budge on either, and I think we should stick to our guns. Let me ask you this. With your discussions with the League, is this a deal breaker? This issue?

Mr. Sherman answered I think the two big ones with the League are the principal guarantees and the League's payments. Which is this one.

Alderman Garrity stated I would just strongly urge my colleagues that...I mean this was billed as a tax positive project and it reduces that tax positive portion of it and I would strongly urge my colleagues to hold tight on this.

Mr. Sherman stated again, that's why I put in proposal number two because I don't think that that...again, I kind of think that by having the right to put the lien on those revenues actually strengthens your position in that collection. And again, all it does is it takes that \$180,000 out of the in term, the guaranteed minimum price, and sets it on the side and it's paid from the same revenue stream, it's got the same letter of credit backing it up, plus you have... The only thing you don't have, you get the suite revenue, what you don't have is the League backing it up. That's the difference between the two.

Alderman Garrity stated you can call it anything you want, but that's what I'm calling it.

Alderman Guinta stated I just have a quick comment. I think what strengthens our position is the \$930,000 plus revenue from the boxes. To me \$750,000 plus suite revenue, doesn't strengthen our position. \$930,000 plus suite revenue strengthens our positions. We're giving them almost \$180,000 here; in proposal two we would be giving away \$180,000 cash with the expectation of making it up in suite revenue, and I don't know that I'm really willing to take that risk. I think the strongest position would be, and I know that it's certainly not on the table, to have the \$930,000 plus suite revenue, that's the strongest position. So to say that proposal two is the strongest position where we are reducing our initial cash flow by \$180,000 and expecting it on the back end by suite revenue, that's what we're doing.

Mr. Sherman stated no. Right now the way that we have the payment structure is you take the \$750,000, you add the \$180,000, and that gives you the guaranteed minimum payment. That is due and payable I believe it's like January and July or February and July, something like that. And the reason I structured it that way is because at that point, that's when they've got suite revenue coming in, that's when they've got season ticket revenues coming in, and I tried to match it up to their cash flows because that is in the flow of funds the number one thing they are

supposed to be paying. By doing this, what I would be saying is, is this \$180,000 would still be payable in January and July...

Alderman Guinta interjected only if we have suite revenue.

Mr. Sherman stated no. It is still secured by all of the revenues. It's still in the flow of funds. It's up top. The only thing that you don't have is the fact that the League is going to stand behind it. So in the good years it's still in the flow of funds and it's still the same payment, it's just two payments. Now you have bad years. You've got the lien years. They don't have the revenues. That's when then you would go in and you would take their contractually obligated income and say it doesn't go to the team anymore, it comes to the City. Now if there's an issue with the suite revenues, I can go after another revenue. You can go after naming rights or some other. What I was trying to find was something that was something is contractually obligated. As a suite owner, once I sign up for my five years, I'm obligated to pay those five years, and that's the revenue I was trying to go after.

Alderman Guinta stated at the very least I think you would expand it to more than just suite revenue. I'm not even happy with that, I like the idea of having \$930,000 in my hands.

Mr. Sherman stated again, I think this is one of their two big issues and trying to find something to not jeopardize the position of the City and let the League feel like they got something. The other alternative is you let them pay the \$930,000 and all of the contractually obligated income is now their problem. And that's all I'm doing, I'm saying we'll take it out and we'll put it on the other side. Again, that was the concept, try to offer something back to the League.

Alderman Guinta stated again I would urge the original agreement. That would be my position.

Alderman Gatsas stated my understanding from your statement was is that there's two major sticking points. Personal guarantee and the one we've just discussed. I think my colleagues on the Board would agree, all 14 of them I would hope, that the Gill Stadium is something that we would approve whether it was bonding issue of the City going forward to making those renovations and maybe not with elevators, but I think that that would be a priority. My concern is, is that now we're still talking about a developer making choices and decisions on turf, seats, and everything else at Gill Stadium, when they still don't have Eastern League approval. I don't know why we're doing this, and why we don't make the decisions at Gill Stadium that best suits the City. Now I've asked for a copy of the letter, I'm still waiting for, I'm not leaving tonight until I get a copy of that letter

so that I know when these questions came in. Because if I didn't ask for a special last week, I don't know when we would have seen them. So I guess why are we discussing a new issues, because if these were before the full board, the vote for bonding may have been a lot different and we're changing a deal that was voted on and bond counsel saw and told us it was a good deal.

Mr. Clougherty stated and as we've told you tonight everybody we've talked to said that the deal that the City negotiated is a great deal.

Alderman Gatsas asked so why are we changing it?

Mr. Clougherty stated let me finish Alderman. Everybody has told us it's a great deal. The people who signed the agreement, whoever and 6 to 4 to 3, they're not asking to make these changes, it's the League that's doing that subsequent. Now we didn't have this discussion as Alderman O'Neil said because we didn't have the document, we hadn't had the contact with the League and we're just getting into that now. And we've gotten this letter, I've asked Joanne to go down and try to find it on my desk. We've gotten this letter in the last day or so. So it's not something we had at the time we were going about looking at bonding, because we would have given that to you at the time. That's not the way we operate. We try to give you full disclosure and give you all of that information.

Alderman Gatsas asked Kevin you're not saying to me that you just received a letter from the League President in the last day or two?

Mr. Clougherty replied yes, I am saying that.

Alderman Gatsas stated in the original conversation Randy said he knew about this two weeks ago.

Mr. Sherman stated we've been talking to the League for the last couple of weeks. This is the first time that we've gotten them to itemize all of the suggestions and issues.

Mr. Clougherty stated there have been some general discussions Alderman, but to come back and have that discussion without having something in writing would have been, I think you would agree it's a waste of everyone's time. We had to wait. We have that and we've just gotten that in the last two days. I've asked Joanne to try and find that on my desk, which is a challenge in itself, but I'll go down and I'll make sure you have that letter and you can see the date and you'll see that it's the last 24 hours.

Alderman DeVries stated I find that it's going to be absolutely for us to do some more homework on the League's past precedence. How have they handled other than the one movement of Drew Weber's team that he's just purchased to bring here? What have we seen in the past? Have they left cities high and dry? I see the very last item that you haven't addressed yet, or next to the last, says they have the ability to come in and rework this lease with us when there are problems. So what I want to know what has happened in other cities? It really is null and void what you're telling us as far as how we are improving our position or worsening our position of the League hasn't really stepped up to the plate and made cities whole. Based on past agreements.

Mr. Sherman stated they have stepped up and I won't say the Eastern League in other leagues, only because it hasn't happened in the Eastern League, and you see it right now with the Montreal Expos, where Major League Baseball has stepped in and they are running that franchise because there is no owner. The League does do this. The entire issue that's really come to light in the real recent past is there is a franchise in Oregon that went from rags to riches in a year. It was just totally mismanaged and just went down the tubes and the League had to step in and make those payments. And that is what is in everybody's mind down at the Eastern League, that they want to make sure that...they're watching out for their own pocketbooks at the same time, and you certainly can't blame them. But if we had known six months that this was a three way negotiation, we would have included the League in the negotiations, and I've asked somebody should that have been City's responsibility and they said absolutely not.

Alderman DeVries stated and I think I'd have to allude back to Alderman Gatsas who brought that up. They have been through this before even if the financial scenario was different, they've been through this in Lowell previously. Why they didn't bring us a three-way negotiation and six months ago...is unacceptable.

Mr. Sherman stated at Lowell they submitted it and it went right through. It just was a different environment that they were operating in.

Mr. Clougherty stated and the situation that Randy talked about out west wasn't on everybody's mind as prevalent now too. It was a different economic situation that they were in, it was a different economy at that time and everything was going good.

Mr. Sherman stated we have had discussions with the National Association general legal counsel and his comments were is, it's really new to the League to be looking at it as tightly as they are. Because going back years they never had these types of problems and it's just something new that's come up, and that's part of the problem that the Eastern League is having, is they can't say this is the top ten

things that we need to have or it's no go...I mean, they're making the decision for the first time as well. Again, they've gone through the lease, they scrutinized it, they've come up with these issues, they're again looking to make sure that they're protected as well, and they're also looking to make sure that it's a successful franchise. That's ultimately what their goal is.

Alderman DeVries stated follow up if I might. The references that you gave us, the issues and your responses. When you send that back out, and I assume you will to the entire Board shortly, would you send that out with the references to the management agreement so that we can flip? Even it's not in final language that would make it interchangeable so we don't have dig through and try to decide where it is.

Mr. Sherman replied I will add those references. What their asking in the next one is, in the participation payment that is coming back to the City, we have wording in there that the participation payment will be used to pay debt service. What they're asking is that we clarify that and exactly how that's going to be used to pay debt service. The entire intent of that was to prepay the debt. Certainly once the debt is all paid off it in essence goes to the City, but if those dollars or being used to pay debt that's more tax money out of the \$40 million of assessed valuation that the City has. That was the intent, clarifying that language, I certainly don't see as a problem and that would be my proposal is we'll go back and make sure that that language is clearer. The next one they're looking for the manager and the City to indemnify and hold the League and all of it's officers harmless. I talked to Tom Clark about this one, Tom's position is we did it with the AHL, he sees no reason why we can't do it here. The next one, again, they're looking at if there's a default, they don't want to live up to the terms of the lease. As we've talked about before, that just clearly isn't acceptable. I in essence couldn't even come up with a proposal that would satisfy them. But what I am proposing on the side is to allow the League three years to come in and operate the franchise. Now what they said they typically do is once they smell that there's a problem, and we'll deal mainly with a bank overseer and solvency and financial type problems and not any other problems why they may forfeit the franchise. They actually make a request and insist that the owner sell the franchise, and in essence that's what happened down in New Haven. They never stepped in in New Haven; they just forced the sale. So my thought was is maybe we can kind of satisfy them on this one if we allow them a three year window to step in, obviously they'll be living under the terms of the lease, but if they can't find an owner and the reason they can't find an owner is because the lease just does not allow this franchise to make any money, because it is just so tight and they payments are so onerous, that the City would be willing to sit down in good conscience, negotiate a new lease. Again, it's just something... Certainly what they've asked for I think is totally out of the question

and I was trying to come up with a proposal that maybe the City could come back on that one. And the final one they're look to...

Alderman Garrity stated basically if they were to come in and take the club over, the lease that we're talking about is null and void?

Mr. Sherman answered no. What I'm saying is under this...that's what they're asking. They're asking for the right that they don't have to live up to the terms of the lease. And I think we'd all agree that that's just not a plausible alternative. Do you need me to go through what I proposed again?

Alderman Garrity replied no, that's the kind of answers I like.

Mr. Sherman stated and the final one again, they were looking to remove the key man insurance but they even said if it stays you just need to make it very clear that there's an offset. If the City's going to collect on the policy that that's an offset against the lease payment and again, that was the intent, I believe the language is in there, but if it's not clear enough for the League, we can certainly clarify that. It was never the intent to have the City get a windfall due to the death of Mr. Weber or Mr. Sanborn. It was really to help the team maybe get over a period of time where they've lost their lead, they've lost the guy that gets the people to the park, and it was used more as a supplement of a revenue source. But those are the eight issues. And again, the League is planning on taking a vote either the 28<sup>th</sup> or 29<sup>th</sup> of August. They need to set their schedule, they need to know who is selling tickets for when and where, they are really looking to move this thing along, and they're looking for again, the last and final and best offer from the City. Now obviously we don't have language at this time, what we're looking for is some direction to go and we understand it's got to go back to the full Board and we'd have to get a vote of the Board. But I think that we are looking to make sure that there's a little bit of flexibility so that the Mayor can close this deal within the perimeters that are being set by the Board. Because once you get down to language, we need to have the ability to tweak language here and there.

Chairman Wihby stated what I'd like to do is on the second page we have 5, 6, 7 and 8, those are the ones that seem not controversial, the intent of the agreement. We did the same thing for the AHL, Randy's proposal for a three year transfer of ownership, and then later on we can restructure it with our consent, and then the last one basically are clarification. Does this Committee have any problems with passing those four?

Alderman O'Neil moved to accept League Issues 5, 6, 7 and 8 on the second page as proposed by staff. Alderman Sysyn duly seconded the motion.

Items 5, 6, 7, 8 outlined as follows:

*League Issue #5 (order of participation payment)*

Committee recommends amending language requested to make clear the participation payment is to be used to pay, in order, 1) the debt service on the \$2.5M and then 2) debt service on the \$25M issuance. Make clear that the minimum payment is reduced accordingly, as this was originally intended by the City.

*League Issue #6 (indemnification)*

Committee recommends amending language requested that both the Manager and the City shall indemnify and hold harmless the League and its members, officers, directors and employees from actions or omissions by Manager or City.

*League Issue #7 (default/forfeiture lease terms)*

Committee recommends approval of staff recommendation to propose to allow the League a three-year period to transfer ownership. In the event the League is not successful, the parties will agree to use best efforts to restructure the lease.

*League Issue #8 (insurance clause/clarification of proceeds)*

Committee recommends the clause remain in the agreement, but approve clarification that proceeds of the policy shall reduce the minimum payment due by equal amount. This was the intent of the agreement.

Alderman Guinta stated the last proposal, why does the League care? That's an insurance clause for us. So I don't know that we should give in on that at all.

Mr. Sherman answered and it's a protection for the League too. I don't know...it's hard to read the minds of those other owners and again, a lot of I think, you kind of get the impression sometime it's like, next time I go back to Trenton they're going to want me to have that, so if can get it out of here, nobody will ever see it. But again, it was taking it out, but if you don't, just make sure that there's an offset. So we'll clarify the language.

Chairman Wihby stated all we're doing is clarifying it though.

Alderman Guinta stated no. We're looking for an offset...you're saying that...

Mr. Sherman interjected no that's already in the agreement.

Alderman Guinta asked that there's an offset?

Mr. Sherman repeated that there's an offset.

Alderman Guinta asked then what are they looking to clarify?

Mr. Sherman answered the way they read it I guess they don't feel it's clear enough, and again, we can make the language a little be clearer.

Chairman Wihby stated my understanding is it's not a change, it's just to clarify.

Mr. Sherman interjected it's not a change. It's just clarifying language.

Alderman Garrity asked the one that's second from the bottom on page two, where you have in your proposal the parties will agree to use best efforts to restructure the lease. I don't agree with that. I think the lease is the lease and I guess I have a technical question. Are we going to have a special Board meeting before these agreements?

Chairman Wihby replied this would have to go to the full Board.

Alderman Garrity stated but he's talking 28<sup>th</sup> of August that the League will give us an answer. Are we going to have a special Board meeting before then?

Chairman Wihby asked for what purpose?

Mayor Baines stated my intent was after the Committee meeting to have a special Board meeting, let's say Wednesday night at 7:30 PM.

Alderman Gatsas asked next Wednesday?

Mayor Baines replied this Wednesday because the League is meeting on Friday. A week from tomorrow.

Alderman Gatsas stated that's Mary's fundraiser.

Mayor Baines stated that's why I was doing it at 7:30 PM because the League is meeting on Friday.

Chairman Wihby asked for what reason? So that the full Board will vote on whatever we pass today?

Mayor Baines replied the full Board could act, and, therefore, whatever happens at the League, if we're willing make some changes, it would have either the consent or not the consent of the full Board. That's the intent.

Alderman O'Neil stated Your Honor can you work with the Clerk's office to get a time that works for everyone. Would that be possible?

Alderman Garrity asked if this Committee agrees to some changes, is the Eastern League going to be notified of that, or they will be notified of the changes only after the full Board of Mayor and Aldermen vote on them?

Mr. Sherman replied only after the Board...what I'd like to do is whatever is being moved forward at this point is to back down to counsel and have them start drafting language. So hopefully by next Wednesday we've got all of the language in front of us as we would propose to the League.

Alderman Garrity asked if the agreements are changed next week at the full Board, does there have to be another vote on bonding?

Mr. Sherman answered no.

Alderman Garrity stated bond counsel looked at a certain document with the agreements, I assume. All of these documents, all of these agreements and all of that good stuff. Before bond counsel said yes that's a good idea...I mean we issued the bonds by certain documents, certain lease agreements, certain guarantees. Now if those guarantees were to change, will we have another bond vote?

Mr. Sherman replied no.

Alderman Garrity asked why not? We bonded the \$27.5 million to certain agreements. If all of the agreements change, is there ten votes that are required to change agreements? I guess that a question for Tom Clark. Because I'm hearing disagreements.

Mr. Clark answered the answer is it is a simple majority that amend the agreements.

Alderman Garrity replied okay.

Chairman Wihby called for a vote on the motion to accept Items 5, 6, 7 and 8 as recommended. The motion carried with Alderman Garrity duly recorded in opposition.

Chairman Wihby stated now on the first page on the first one. Randy, can we put in that, instead of doing what you said and letting the League assume the control, can we put down that if the League takes over rather than just remove the principal guarantee, but let them have a guarantee now, they have to keep the guarantee in,

but when it ever gets to the League, then we would remove the principal guarantee?

Mr. Sherman answered at the point that it gets to the League or the point that a new owner comes in?

Chairman Wihby replied to the League.

Mr. Sherman answered sure. You're saying leave it with Sanborn and Weber at this point, and only if the League steps in would they...

Chairman Wihby stated because that's the least concern, is when they own it. When they own it we know that the League's responsible for it, so there's probably more security there.

Mr. Sherman stated I don't see that that's a problem.

Alderman Gatsas stated but the problem is after three years, you just voted on an issue on the second to last one, that at the end of three years, that if the League decides to move the team, because we can't negotiate a new lease, then the personal guarantees are gone and we're left holding the bag for \$930,000. That's exactly what that says.

Chairman Wihby stated first of all the second one says that we have to restructure the lease. So if we don't agree to it, the lease isn't going to change. Alderman Gatsas stated right and the personal guarantee is gone if you're taking it away. If the League takes over the deal.

Chairman Wihby stated if the League was to take another ownership, get a transfer of ownership, there would still be a personal guarantee in those first three years.

Alderman Gatsas stated that's not...no, that's not what this says. This says that if the...

Chairman Wihby stated what I'm asking is if when the League takes over. Not another owner.

Mr. Sherman stated you're saying when the League takes over.

Alderman Gatsas stated but you're releasing the current partnership of personal guarantees if the League takes it over within three years. That's what that's happening.

Mr. Sherman stated but at that point you would have the League on the hook. And that was one, I don't remember which one it was we talked about and again, I know it's not in the language I have here, but we would have to put in there that the League is responsible for that lease.

Alderman Gatsas stated and it says here in number eight, only for three years. We just allowed them for a three-year deal.

Mr. Sherman stated no. What I'm saying is they've got a three-year window to take the forfeiture and get a new owner. And if the reasons that they can't get a new owner are because of the lease, that the City would sit down with them again and say okay what's the problem? Why did Drew have financial problems?

Alderman Gatsas stated and if you can't come up with a new lease, they can move the team...

Mr. Sherman interjected and they're still bound by the old lease. They would be bound by the old lease.

Alderman Gatsas stated Weber would be bound by it. Not the League.

Mr. Sherman stated no, the League would. Once the League causes a forfeiture, the League will be bound to that lease.

Alderman Gatsas asked where does it say that here?

Mr. Sherman answered that's the language that we need to put in, because right now we don't have in the document that the League can step in.

Alderman Gatsas stated because we didn't need it, because we had personal guarantees.

Mr. Sherman stated you didn't need it because...what they're saying is, is that they have the right under the by-laws that Drew operates under, they have that right and he didn't have the ability to negotiate the League's rights. So that's why we're saying is put that in and at the point...what Alderman Wihby's saying is okay once the League steps in, you've got somebody who is making the lease payments, you can drop the personal guarantee.

Chairman Wihby stated because it's the League.

Mr. Sherman stated and that's fine. We can work with that one.

Alderman Guinta stated but we still have the letter of credit.

Mr. Sherman stated you would still have the letter of credit.

Alderman Guinta stated which is the more important of the...

Mr. Sherman stated I believe so, yes.

Chairman Wihby stated it seems to me that if we did that you'd have a better guarantee that way. The lease they can guarantee.

Mr. Sherman stated again, I think having the League step in is stronger than having the personal guarantees.

Alderman O'Neil moved that with regard to the first League issue on page one, to recommend that if the Eastern League should ever assume control of the team, the personal guarantees would be removed. The motion carried with Alderman Garrity duly recorded in opposition

Chairman Wihby addressed Item 2, on page one of the Eastern League's concerns. Explain that one again Randy. What you think...is that one of the ones that really doesn't change anything?

Mr. Sherman replied no and I don't think it does. Because what they're saying is, is if the League steps in and there is still a balance on that letter of credit, draw down the letter of credit before you tap our pockets and okay. That was always our intent. Instead of tapping their pockets we were going to tap Drew's personal pockets, but okay, that's fine we'll continue to draw down on the letter of credit and then we'll go to the League.

Alderman O'Neil moved to accept Item 2 of the Eastern League's concerns as recommended by Deputy Finance Officer Randy Sherman. Alderman Sysyn duly seconded the motion.

Alderman Guinta asked there will be language though that allows if for some reason the letter of credit is drawn completely down or if some reason the financial institution is not going to pay, there may be a scenario where they won't pay, that the League is then obligated.

Mr. Sherman stated the League will cover the terms of that lease, subject to being able to draw down, and if it's unavailable, then they cover the terms of the lease.

Chairman Wihby called for a vote on the motion. There being none opposed, the motion carried.

Chairman Wihby addressed Item 3 of the Eastern League's concerns. That's basically an offset by the way you're doing it?

Mr. Sherman stated yes again. I'm going to take it out of the \$975,000 and put it in front.

On motion of Alderman O'Neil, duly seconded by Alderman Sysyn, it was voted to accept Item 3 of the Eastern League's concerns as recommended by Deputy Finance Officer Randy Sherman. The motion carried with Alderman Garrity duly recorded in opposition.

Chairman Wihby stated and the last one, which is probably the biggest, Item 4.

Chairman Wihby asked do we want to add more revenue names to that? To the revenue stream other than the suites? That was one of the proposals.

Mr. Sherman stated let me go out...I'll expand that to other contractually obligated income, rather than the suites.

Chairman Wihby asked and you don't like what?

Mr. Sherman answered naming rights. And any other advertising contracts that they have. Pouring rights, there's other contracts that they have.

Mr. Clougherty stated the whole point is they're contractually obligated so you know you're going to have them for a period of time and that's the underlying strength of the agreement.

Alderman O'Neil moved to accept proposal two of Item 4 of the Eastern League's concerns with all of the recommendations from the Finance Office. Alderman Sysyn duly seconded the motion.

Alderman Guinta stated I'm going to vote against it. I prefer the original agreement. I think that's the strongest position of the City and I think we need to stick to the agreement. That's part of the strength of the agreement and part of what everybody pointed to as why this is a good position or a good agreement for the City. So I would say that we need to stick to our guns on this, that this is not a point of negotiation that we should stick with the original number of \$930,000.

Chairman Wihby stated I happen to agree with that too Randy. What will that do to the contract? We've agreed to all of the others, we're going to have a meeting that passes the Board, but yet this one doesn't? Let's assume this doesn't pass. They have this meeting on the 28<sup>th</sup> or 29<sup>th</sup> and they're going to vote yes or no. Say they say no to this. Now what happens? Is it dead?

Mr. Sherman answered I believe at that point it's dead.

Chairman Wihby asked they won't have a second meeting?

Mr. Sherman answered they won't have a second meeting, because again, they need to set their schedule, and they will probably...they'll leave the team in New Haven. If they don't have a lease and don't do a relocation, they need to move forward. They will leave the team in New Haven.

Mr. Clougherty stated as Randy opened up tonight he said that these are suggestions, ideas we're getting from the League President. There's no guarantees in the way. Tonight has been very helpful for us because it's helping us to flush out some direction in terms of what way the Board wants to go. I mean everybody agrees with you Alderman, we like the deal we cut. We think we did a good job and everybody seems to think that, although there are some concerns with the League. After tonight's votes if it's okay with the Committee, we could go back to these people on the Board and say okay this is where the Board is. They feel strong about some of these things so that when we come back to the full Board, at the special meeting, we could say this is what we think they're going to come back to. So if you'd allow us to do that, we can say okay this listen, this is the Board, a lot of the membership represented here tonight at the meeting, we can go back and say stronger, this isn't just the staff saying this, this is what the Board is going to do. Now if you'd allow us to do that, that could be helpful for the next meeting.

Mr. Sherman stated let me just throw out another thing. Would it be more palatable to the Committee if we extended the letter of credit to a longer period of time?

Alderman Guinta answered not to me, not to replace the \$930,000. I think that we need to rather than look to compromise, we need to secure the City's position.

Mr. Sherman stated I'm just thinking like Kevin said, maybe four or five years, so you'd actually have an extra million and a half dollars, or actually more than a million and a half dollars, sitting out there to... Again, just to give the City...again, I'm just trying to find a... Right now you've to a three-year letter of credit. I'm saying what if we got them to extend it to five years.

Alderman Guinta stated well first of all is the developer going agree with that and second of all is the Eastern League going then agree to that?

Mr. Sherman stated again, I'm just throwing it out and again, does that then allow us to maybe do...?

Chairman Wihby stated let's vote on this first and then you can throw out other suggestions as we go.

Chairman Wihby called for a vote on the motion. Aldermen O'Neil and Sysyn voted yea. Aldermen Guinta and Garrity voted nay. Chairman Wihby broke the tie and voted no. The motion failed.

Alderman Gatsas asked if you folks are voting these situations down for a special meeting next Wednesday, does that mean that all construction stops at Gill Stadium until we find out if we get Eastern League approval.

Alderman Guinta replied I don't think so.

Chairman Wihby stated this has had nothing to do with Gill Stadium, this was basically to move forward...

Mr. Sherman stated in my opinion that's a decision by the developer. Whether he wants to pull the...again, he's doing that at risk.

Alderman Guinta stated he started it at risk.

Mr. Sherman stated he started it at risk, absolutely.

Alderman Guinta stated and just to clarify for everyone in the room, we have spent zero City...the City portion of Gill Stadium is \$1million and we have not spent a dime of that and the first million to be expended is the developer's money.

Mr. Sherman stated the City's portion is \$3,150,000, and the first million that would be spent would be their money. In essence that's what they're spending right now.

Alderman Gatsas asked I know, but is that fair to developer?

Alderman Guinta stated that's up for them to decide.

Mr. Sherman replied that's right. I agree. It's up to them. That would be their choice.

Chairman Wihby asked give us another option?

Mr. Sherman stated again, what I was looking at was if we can increase the letter of credit, which is minimal dollars to them every year. Again, assuming that they can get it, that certainly would get the City more protection. It's a 25-year lease, you've got five year letter of credit, that's not bad. Assuming that there still is revenue coming from the facility of some sort and maybe again I'm trying to think of maybe we can even attach the extra two years specifically to this \$2.5 million. So that right there would give you about 60 percent of the \$2.5 [million] would be secured. And not to eliminate all of these other securities that we are trying to put in place.

Chairman Wihby asked do you really need some sort of direction on this issue? Knowing that this was voted down, can you put stuff together for the special meeting?

Mr. Sherman answered yes, we can go back and again, like Kevin said we'll talk to them again and see what they have and try to come up with an alternative.

Alderman O'Neil stated just for clarification Mr. Chairman. Are we allowing staff, and I'm guessing with the Mayor, to have some discussions with them about what can be done to address that issue? And you're saying we don't need a motion to do that? Because I'm willing to make it just to give... Can I just get clarification from the Chairman, Alderman Garrity? Would that motion be in order just to give the Mayor and the staff the ability to at least talk about something other than what we have right now.

Chairman Wihby stated well you can make that motion. I don't know if it's necessary. I think that until the special meeting the Mayor's going to work with Finance, work with them, they're going to know that we passed eight of the nine.

Alderman O'Neil asked so there's a consensus then on...

Chairman Wihby stated the Mayor's going to be allowed to negotiate. They can't come up with a deal, but they're going to have to come back to the Aldermen.

Alderman Garrity stated this issues just failed in this Committee. This isn't "Let's Make a Deal" with Monty Hall or something. We're going to go to five years and all of this stuff, and we're going to change the whole agreement. This Committee is pretty pat on saying that part of the agreement has to remain in tact. Why are we sitting here saying, well let's do five years, let's do three years, let's... It's up to the full Board first.

Mr. Sherman replied it is, and I guess the situation I'm just trying to...I think the deal that we had up front was a good deal. I wouldn't have brought it to you if I didn't. That was the best deal that we had. We're trying to address the League's issues and keep this City protected. Now, we made amendments to number one, we made some changes and I'm just saying okay you voted this down...what else, and I'm just thinking on the fly here is there some other way that we can maybe address this issue to give the League something.

Chairman Wihby stated some leeway, but at the same time protect...

Mr. Sherman replied yes, protecting the City and I'll go back and again we'll talk to the League and think about it. I think a no vote is very clear, they'll get the message that they need to be a little more creative too.

Alderman Garrity stated I think a no vote is a no vote, and we should be talking about other proposals. The no vote, is the no vote. I'm speaking for myself and probably Alderman Guinta, because he stated because that's pretty much non-debatable.

Alderman Guinta stated well that's pretty much what I'm saying. I'm saying that we should stick to the original agreement on this particular issue. So I think if you're going to convey anything back to the League President, it's that number four caused a great amount of discussion and concern for the Board and there's a good possibility, or a very strong possibility, that the full Board is going to stick with the original agreement. I don't necessarily want negotiation on this particular issue. I mean if you feel you can strengthen or enhance the current agreement, by all means do that, but I'm not looking to horse trade here.

Mr. Sherman replied okay, that's fine.

Mayor Baines stated just a clarification. So you don't even want us to come back with any alternatives to address their issue around this at all? Is that what you're saying? I'm asking the questions to the Chairman.

Chairman Wihby answered my advise would be that they are told that number four didn't pass the Committee, a strong recommendation that it not change. At the same time, they're going to come back and say to you, well we know tomorrow that's going to be a deal breaker, it's not going to work, but we have another opportunity to change this to something that works that's not going to take away any of the guarantees that we have as far as number four goes. Not take away any of the money, or anything that we want, I think it should be brought to them. Again, if they say yes okay we're fine, then the deal is the deal. But I wouldn't

want to see it die if we can come up with a better proposal that gave us more guarantees on a longer term or something that works better for the City.

Alderman O'Neil stated I will second your motion Mr. Chairman.

Alderman Gatsas asked why would anybody take a presumption that the full Board may not vote for this? Why would the presumption be that they would vote for it? The other members of the Board, the other nine members of the Board, have any say in any of this?

Alderman Guinta stated I'm presuming they would vote to...

Alderman Gatsas interjected they could vote against the other seven issues.

Chairman Wihby stated vote any way that they want.

Alderman Gatsas asked so why would somebody negotiate it until somebody gets...unless somebody's already counted the votes. Maybe the votes have already been counted.

Alderman Guinta stated I think its discussion, I don't think it's negotiating on behalf of the City. I think its discussion. I'm not asking them to negotiate anything. I'm asking that they certainly convey this Committee's positions on the other issues that we voted on this evening, but that in no way infers that the full Board is going to approve it. I think all it is, is what it is, which is five people agreed on seven of the eight issues, and I would hope that the full Board when we get to it, stick to what the City initially agreed to on number four, which is the \$930,000.

Mayor Baines stated just a clarification. I think Alderman Gatsas' point is well taken. The Board may decide to do something different, but nothing has been broached with any members of the Board until it came to this Committee. We've made that clear. We would not do that. Secondly in all of our discussions, we made it very clear that none of us, including the Mayor, could speak for the Board on this issue. That we would have to go back to the Board to get the necessary clarification and direction from the Board before we could do anything. We made that very clear from the get go.

Alderman Garrity asked what's the motion on the table?

Deputy City Clerk Johnson stated it was my understanding that in response to a question raised to the Chairman, that the Chairman was suggesting that the discussion go back to as what the Committee has already voted on on number

four, which was not to change the current deal, but also to allow discussion for the City to come back with a stronger position if it was solved by the staff that it was not going to be negotiated, and Alderman O'Neil took that in the form of a motion and seconded it and we're not clear that there is a motion.

Chairman Wihby stated yes I made a motion and he seconded it.

Alderman Garrity stated I don't think there should be any further discussions with the Eastern League until the full Board of Mayor and Aldermen discuss this issue at the full Board level. I think discussions with the Eastern League should stop.

Alderman Guinta asked discussions or negotiations?

Alderman Garrity answered discussions because...we're calling it discussions, that's what Randy is calling it, that's what Kevin is calling it. I think they should probably stop at this point until the full Board weighs in on all of these issues and takes a formal vote on them.

Alderman O'Neil stated I strongly disagree with my colleague from Ward 9. All we're giving is some direction. Any approvals need to be made by the full Board of Mayor and Aldermen and I think we need to keep things going. I think if we don't, we jeopardize getting the transfer and in jeopardizing that transfer, we not only lose locating another team here and have a new stadium, but we also lose the opportunity to get \$4.2 million of renovations at Gill Stadium. Gill Stadium was a disgrace before this process started. We're finding out now that \$4.2 [million] probably is going to do significant work, but it may not do everything we want. There may be more dollars required there, and I think this transfer not only important it has to happen or we have no deal.

Alderman Garrity stated I'm certainly in favor of improving Gill Stadium and I think the majority of the Board is. But I don't believe this Committee has been given its role formerly by the full Board of Mayor and Aldermen, has it?

Alderman O'Neil answered no. All we're doing is giving direction. We're not approving anything.

Alderman Gatsas stated Randy you said we received the letter from the Eastern League, an actual letter.

Mr. Sherman answered it was an email.

Alderman Gatsas repeated so it was an email.

Mr. Sherman stated it was an email to Kevin.

Chairman Wihby called for a vote on the motion not to change the current deal with regard to item 4, but allow discussion that would allow the City to come back with a stronger position. The motion carried with Alderman Garrity duly recorded in opposition.

Alderman Lopez stated I just wanted to make sure that with this special meeting if the Committee will instruct the people to have the necessary paperwork to us and not give it to us that night, so that we'll be able to actually see the changes and the legal determination, and also is the bond counsel, will that be present at this meeting?

Chairman Wihby replied if we want them to.

Alderman Lopez stated I'd like to have them there. If the Committee would have that done please.

Chairman Wihby stated along with the developer. Randy do you have a problem with that?

Mr. Sherman replied no, I certainly can get bond counsel here, although I shouldn't speak for them, but the only issue...I will try to get everything. Again, what we're trying to do now is get it early Tuesday so we can get it out to you. We'll make every attempt to get that. I don't think that there's a lot of major issues but it may be a lot of restructuring, as you're trying to put the League in. I just don't know how much writing there is. We'll try to get it to you as soon as we certainly can get it in Tuesday.

Alderman Lopez stated Mr. Chairman I'm just more interested in when the City Solicitor or whoever is advising, the expert team that we've got, puts it into laymen's terms as to exactly what it actually means when we're changing something.

Mr. Clark asked Alderman you're looking for the changes plus an executive summary that spells out what they are?

Alderman Lopez answered that's correct.

Deputy City Clerk Johnson stated the Clerk would just note that in a discussion with the Mayor it appears that we're going to have to schedule the meeting for five o'clock on Thursday.

Chairman Wihby asked what's the date?

Deputy City Clerk Johnson replied the 28<sup>th</sup>.

Chairman Wihby asked I thought they were meeting on the 28<sup>th</sup>?

Mayor Baines asked could we do it Thursday at five o'clock? If we do it Wednesday at 7:30 PM that gets beyond the conflict, doesn't it? In the terms of your activity? They usually go a couple of hours right?

Deputy City Clerk Johnson stated we would just note that it won't be able to be held in the Chambers because the Zoning Board of Adjustment is already scheduled to meet.

Mayor Baines stated let me work with the Clerk on that.

Alderman Garrity stated back to the Gill Stadium lease agreement. Just a quick question for Frank. I know we talked about the seating already, Gill Stadium, I know we talked about the seating already, is there anything else in the scope of the work that has changed drastically within Exhibit B? I know we talked about the turf already; we seem to be okay with that. The seating is up for debate. Is there anything else in the scope of the work of Exhibit B that has changed?

Mr. Thomas answered not that I'm aware of, however, we did just get the finalized plans.

Alderman Garrity asked I understand. Are you aware of any at this time?

Mr. Thomas answered I think the flooring under the bowl area, originally there was some mention of putting synthetic wood. There was some talk today at the job meeting of kind putting a deck in that area. Again, I'm not 100 percent sure if that.

Chairman Wihby asked you'll get back to us to us on any of those changes? Right?

Alderman O'Neil stated just clarification Frank. Didn't you say earlier you've asked the developer to put together a list of any potential issues?

Mr. Thomas answered that's correct. Again, what the developer feels the issues are changes from the lease agreement are going to be identified with total cost so that way whether these alternatives or the changes are being incorporated or not.

Chairman Wihby asked are you working with Parks to do this too? Is Parks involved?

Mr. Thomas answered Parks & Recreation is part of the weekly meetings we have. Unfortunately for some reason they didn't get the set of plans yesterday at four o'clock when we got them, but the contractor was instructed to get the plans to Parks. I'm not sure whether they got them or not.

Chairman Wihby asked but they're part of the team?

Mr. Thomas answered they are part of the team, and quite frankly, I would not sign off on any of the reviews until I'm satisfied that the Parks Department has had the chance to comment along with the Building Department.

Chairman Wihby stated you know Frank, which brings up a point, you're going to sign off on some final things. If Parks wasn't happy with something, but yet you still signed it, would you let us know that, or Building or whatever issues that are there. Even though you think it's right and you signed off on it, let us know that someone else had a different idea.

Mr. Thomas replied yes.

Alderman Garrity asked Frank the plans that you received at 4:00 PM yesterday, design plans, is that what you received?

Mr. Thomas replied yes.

Alderman Garrity asked will we be reviewing those at our next Committee level meeting? Or at least get a chance to look at them?

Mr. Thomas answered you're welcome to look at them. As far as review, as I mentioned, I didn't count the pages, but they appear to be at least 100, maybe 120 pages and ten inches of specifications.

There being no further business to come before the Committee, on motion of Alderman O'Neil, duly seconded by Alderman Garrity, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee