

## BOARD OF MAYOR AND ALDERMEN

**January 20, 2009**

**7:30 PM**

Mayor Guinta called the meeting to order in Joint Session with the Library Trustees.

The Clerk called the roll.

### **Board of Aldermen**

Present: Aldermen M. Roy, Gatsas, Sullivan, J. Roy, Osborne, Pinard, Lopez, Shea, DeVries, Garrity, Smith, Ouellette, Murphy

Absent: Alderman O'Neil

### **Library Trustees**

Present: Karen Sheehan-Lord, Jeffery Hickock, Joanne Barrett, Jack Shea, Patricia Cornell

Absent: Madeline G. Roy

**Mayor Guinta** advised that nominations are in order to replace Madeline G. Roy on the Board of Trustees of the Library.

***Alderman DeVries** moved to nominate Monique Brown to replace Madeline G. Roy on the Board of Trustees of the Library. **Alderman Sullivan** duly seconded the nomination.*

**Mayor Guinta** advised that a motion is in order to close nominations.

*On motion of **Alderman Lopez**, duly seconded by **Alderman Smith**, it was voted to close nominations.*

**Mayor Guinta** advised that unless the Board desires to suspend the rules, the nomination will lay over to the next meeting.

*On motion of **Alderman DeVries**, duly seconded by **Alderman Murphy**, it was voted to suspend the rules and confirm the nomination of Monique Brown to the Board of Trustees of the Library.*

*On motion of **Alderman Garrity**, duly seconded by **Alderman Smith**, it was voted to accept the resignation of Madeline G. Roy with regrets.*

*There being no further business to come before the Joint Session, on motion of **Alderman M. Roy**, duly seconded by **Alderman Sullivan**, it was voted to adjourn.*

**Mayor Guinta** called the regular meeting of the Board of Mayor and Aldermen to order.

The Clerk called the roll.

Present: Aldermen M. Roy, Gatsas, Sullivan, J. Roy, Osborne, Pinard, Lopez, Shea, DeVries, Garrity, Smith, Ouellette, Murphy

Absent: Alderman O'Neil

## **CONSENT AGENDA**

**Mayor Guinta** advised if you desire to remove any of the following items from the Consent Agenda, please so indicate. If none of the items are to be removed, one motion only will be taken at the conclusion of the presentation.

### **Ratify and Confirm Poll Conducted**

- A. Ratify and confirm phone poll of the Board of Aldermen conducted January 9, 2009 accepting the report of the Committee on Community Improvement authorizing the Mayor to execute an amendment to an existing Alcohol and Other Drug Prevention Agreement so as to accept an additional \$45,000 from the State Department of Health and Human Services Division of Community Based Car Services for expenditure in FY 2010.

### **Approve under supervision of the Department of Highways; subject to funding availability**

- B. Sidewalk petitions:  
275 Trolley Street

### **Approve under supervision of the Department of Highways**

- C. Pole petitions:  
  
#11-1231 12 Poles on Pine Street and Bridge Street

### **Information to be Received and Filed**

- D. Approved minutes from the Commission meeting held December 2, 2008, November 2008 Financial Report, and November 2008 Ridership Report submitted by Carey Roessel, Executive Director MTA.
- E. Communication from Anthony DiCostanzo regarding Comcast rate increases.

## **REFERRALS TO COMMITTEES**

### **COMMITTEE ON FINANCE**

#### **F. Resolutions:**

“Amending the FY2009 Community Improvement Program, authorizing and appropriating funds in the amount of Eight Thousand Dollars (\$8,000) for the FY 2009 CIP 214209 6% Incentive Fund Program.”

“Amending the FY2009 Community Improvement Program, authorizing and appropriating funds in the amount of Four Thousand Nine Hundred Eighty Four Dollars and Thirty Two Cents (\$4,984.32) for the FY 2009 CIP 412009 Manchester Red Light Running Program.”

“Amending the FY2009 Community Improvement Program authorizing and appropriating funds in the amount of One Hundred Sixty Thousand Dollars (\$160,000) for the FY2009 CIP 611709 Housing Initiatives Program.”

“Amending the FY2009 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Twenty Five Thousand (\$125,000) for the FY 2009 CIP 711709 Storm Water Utility Study/Design.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Thousand Dollars (\$50,000) for the FY 2007 CIP 510907 Parks Improvement Project.”

“Amending the FY2006 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Five Thousand Dollars (\$105,000) for the FY2006 CIP 214206 Manchester Health Care Access Review Program.”

## **REPORTS OF COMMITTEES**

### **COMMITTEE ON ACCOUNTS, ENROLLMENT & REVENUE ADMINISTRATION**

- G.** Advising that it has accepted the following Finance Department reports:
- a) Department Legend;
  - b) Open Invoice report over 90 days by fund;
  - c) Open Invoice report over 90 days but less than one year;
  - d) Open Invoice report all invoices for interdepartmental billings only;
  - e) Open Invoice report all invoices due from the School Department only;
  - f) Listing of invoices submitted to City Solicitor for Legal Determination; and
  - g) Accounts Receivable summary.
- and is forwarding same to the Board for informational purposes.
- H.** Advising that it has accepted the City's Monthly Financial Statements (unaudited) for the five months ended November 30, 2008 and is forwarding same to the Board for informational purposes.
- I.** Advising that it has accepted the update from the City Auditor on audit observations.
- J.** Recommending that the request from Fred McNeill, Chief Engineer, for a waiver from the City's travel policy be approved.
- K.** Advising that it has approved travel summary reports from various City departments.

### **COMMITTEE ON COMMUNITY IMPROVEMENT**

- L.** Recommending that a request for sewer abatement for 230 Blodget Street be granted and approved in the amount of \$205.20 as recommended by EPD.
- M.** Recommending that a request for sewer abatement for 1667 Elm Street be granted and approved in the amount of \$656.10 as recommended by EPD.
- N.** Recommending that a request for sewer abatement for 220 Hackett Hill Road be denied as recommended by EPD.

- O.** Advising that the Communication from Dick Anagnost, Intown Manchester, submitting suggestions for lighting on Granite Street has been received and filed.
- Q.** Recommending that Communication from Jane Gile, Human Resources Director, requesting CIP funds for the State of New Hampshire Training be referred to the Fire Department and the Public Works Department for funding.
- R.** Recommending that the request from Chuck DePrima, Acting Parks, Recreation and Cemetery Director, to accept a grant in the amount of \$30,000 to be used towards the 2008 Recreational Trails Program be approved and for such purpose an amending resolution and budget authorization has been submitted.
- U.** Recommending that a request to add funds in the amount of \$160,000 from Affordable Housing Trust Funds to CIP #611709 - 2009 Housing Initiatives Program be approved and for such purpose a resolution and budget authorization have been submitted.
- V.** Recommending that a request for acceptance and expenditure of funds in the amount of \$4,984.32 from the State of New Hampshire Highway Safety Agency for the implementation of CIP #412009 - Manchester Red Light Running Program be approved and for such purpose a resolution and budget authorization have been submitted.
- W.** Recommending that a request for acceptance and expenditure of funds in the amount of \$105,000 from CMC, Elliot and Dartmouth Hospitals for CIP #214206 – Manchester Health Care Access Review Program be approved and for such purpose a resolution and budget authorization have been submitted.
- X.** Recommending that a request for acceptance and expenditure of funds in the amount of \$8,000 from Hillsborough County for CIP #214209 - Adolescent Delinquency Prevention Program be approved and for such purpose a resolution and budget authorization have been submitted.  
(*Unanimous vote*)

**HAVING READ THE CONSENT AGENDA, ON MOTION OF  
ALDERMAN SMITH, DULY SECONDED BY ALDERMAN DEVRIES IT  
WAS VOTED THAT THE CONSENT AGENDA BE APPROVED.**

**REPORT OF THE COMMITTEE ON COMMUNITY IMPROVEMENT**

- P.** Recommending that the Communication from Sam Maranto, Planning, regarding the HUD Neighborhood Stabilization Program be accepted.

**Alderman DeVries** stated I need some clarity on this.

**Ms. Pamela Goucher**, Interim Planning Director, responded part of this is that there are going to be funds that the City is going after but they are also partnering with Families in Transition, NeighborWorks, and Southern NH Services in terms of some of the programs, the support system, and it is intended that the monies that the City does secure that we are not working at odds but are compatible with basically the non-profits.

**Alderman DeVries** replied it sounds like Alderman Garrity wants to add to this discussion as well.

**Alderman Garrity** stated just to help my colleague, I believe there was \$62 million in requests for these grants throughout the City. The City itself put in for grants, NSP funds, as did Families in Transition and NeighborWorks. There were many agencies throughout the City and not just the City of Manchester government but many entities put in for these monies. It hasn't been awarded yet and we are working through the CIP process on the NSP grants. I know that it was discussed during the CIP budget hearings last week with Families in Transition but it is early in the process and the grants haven't been awarded yet.

**Ms. Goucher** stated just as a follow-up, we just heard that...I guess the pre-application was due in December and they were trying to determine if they were going to have to go to the Tier II cities, but amongst the five communities that applied that are part of the Tier I, apparently there were enough requests that went in that they are now going to just be looking at these communities, with Manchester being one of them. My understanding also is that they pushed the actual application deadline further. I believe it is sometime in April. They were originally thinking they were going to do it in February so we have a little bit more time to get the real application in. This was just a pre-application to see if enough communities had enough projects for the money that they have.

**Alderman DeVries** stated it is my understanding that our vote tonight though is recommending that we go forward with the final application. I do understand that the pre-application went in in December. One additional question I have is that I note that attached to our application as indicated in Section II, Page 7 of our attachments this evening it is showing that the first attachment is a list of the properties that we are going to be spending our dollars on or the government dollars on.

**Ms. Goucher** responded I don't know what you are looking at.

**Alderman DeVries** replied did you have the page that...it is Page 7 of your document and P6 in our agenda. I don't know which one you are looking at.

**Ms. Goucher** stated I have the P6.



**Alderman DeVries** stated if you see attachments at the bottom of Page 7, the first one indicates that the chart is a list of the properties you plan to develop with your NSP request. So that makes me believe that we have already established a list of the properties that we will be approving.

**Ms. Goucher** responded no. What we initially did was compile a number of properties that potentially we would be looking at. The dollar figure for those properties exceeds by quite a bit what Manchester will probably get. So there is an opportunity in the application process basically to refine those so that the Board of Mayor and Aldermen is comfortable as far as which ones are going to have a priority for moving forward on.

**Alderman DeVries** replied my reading of this attachment though is that is a requirement of the application.

**Ms. Goucher** answered yes, but we just submitted the pre-application and in the pre-application we identified numerous properties in the City and the dollar value far exceeded what is even available at the state, let alone what is likely going to come to Manchester.

**Alderman DeVries** stated if I can though, because I believe tonight's vote is to approve for the final application with something like a February 1 deadline...

**Ms. Goucher** interjected that deadline has been changed.

**Alderman DeVries** asked the deadline has been moved? So we don't need to vote on this tonight?

**Ms. Goucher** answered I think in general this Board is going to want to see the application before it goes up there. It would be our intention that you would be reviewing the specific materials. What we have done to date is we've gotten the material so that the state was able to determine that there are plenty of properties both in Manchester and the other four communities that make up the Tier 1 level to focus on. As far as this Board having the involvement on which properties are prioritizes, that certainly has to come before the Board.

**Alderman DeVries** stated I am just reading the report of the Committee.

**Ms. Goucher** responded this was basically the outline that the state had.

**Alderman DeVries** stated Your Honor, maybe you can clarify for me what you see as the next stage of the process because this is a report from CIP. Is this coming back before the Board at our next meeting?

**Mayor Guinta** replied let me ask the Chair of the Committee to clarify.

**Alderman Garrity** stated before any neighborhoods or certain properties are put on...once the funds come in and I think it is \$15 million in funds that will be awarded...

**Ms. Goucher** interjected my understanding is there is just under \$20 million at the state level.

**Alderman Garrity** replied right, and they are expecting Manchester will maybe get \$15 million. Our needs far outweigh that number so when the grant is awarded it is going to come back to the CIP Committee with Board input to set up a priority list of the neighborhoods or the areas of the City that we want to make a priority. I think you kind of have the cart before the horse here. It is very early in the process and we are going to go through the CIP process before any properties are picked out or any neighborhoods are identified.

**Alderman DeVries** responded if I might, Your Honor, because I am reading Sam Maranto's letter to the Chair that is P2 in our handout tonight. In his next to the last paragraph of that first page it says he is requesting a meeting with CIP prior to submission of the application on behalf of the City in February. That is a December 29 letter from him. I guess my question is has that meeting occurred and is this vote this evening going to be the approval of that process for the application to go forward in February?

**Ms. Goucher** replied this was brought up at the last CIP Committee meeting. This letter was written in December shortly after the pre-application had gone to the state. I think the deadline was December 19 for the pre-application. So this was written shortly thereafter. At that time, it was understood that it might be as soon as February, which is why this was brought forward to the Committee. We just found out this past week that that deadline is going to be closer to April so I think what this Board should be looking at hopefully is just endorsing moving forward but in no way does that imply that the department is going to go off with

its own agenda without the CIP Committee and full Board having a final review. That is my understanding and maybe Alderman Garrity can chime in.

**Alderman Garrity** stated that is my understanding also.

**Alderman DeVries** stated Your Honor, would you accept a motion that says we have endorsed the process to date with the understanding that it will be before CIP again with further clarification?

**Mayor Guinta** responded yes.

*On motion of Alderman DeVries, duly seconded by Alderman Garrity, it was voted to endorse the process to date with the understanding that this item will be before CIP again with further clarification.*

- S.** Recommending that the request from Pamela Goucher, Interim Planning Director, to redirect CDBG funds in the amount of \$20,000 for interior lead hazards be approved.

**Alderman Lopez** stated I just want clarification on Item S. The way I understood it at the Committee level and please correct me, Alderman Garrity, but you are going to take the \$20,000 in repair and give it to them for lead abatement. Second there is going to be an additional \$20,000 for repairs and Building Maintenance is going to go over and look at that building, correct?

**Alderman Garrity** replied correct, and that is coming out of CDBG funds I believe.

***Alderman Lopez** moved to accept the report of the Committee on Community Improvement and adopt its recommendations. **Alderman Shea** duly seconded the motion. **Mayor Guinta** called for a vote. The motion carried, with **Alderman Sullivan** abstaining.*

- T.** Recommending that the request from Pamela Goucher, Interim Planning Director, to accept a grant in the amount of \$125,000 from the Environmental Protection Agency be approved and for such purpose an amending resolution and budget authorization has been submitted.

**Alderman DeVries** stated this may be a question for Highway. I do see that this item is a request from you, Pam, for a grant in the amount of \$125,000. I believe in following our submissions this evening through Finance it looks like that might be Stormwater Utility. I just wanted clarification because I didn't see that in the...

**Ms. Goucher** replied I think that is the case and if Kevin is here maybe he can clarify that.

**Mayor Guinta** asked is the answer yes?

**Mr. Kevin Sheppard**, Public Works Director, answered yes.

**Alderman DeVries** asked can I ask Kevin quickly if he could tell us where that project is at? Is it in the planning stage?

**Mr. Sheppard** answered correct. It is the planning stage that we are working on, gathering information to bring back to the Board.

*On motion of **Alderman DeVries**, duly seconded by **Alderman Garrity**, it was voted to accept the report of the Committee on Community Improvement and adopt its recommendations.*

## **REPORT OF THE COMMITTEE ON FINANCE**

- Y.** Recommending that various CIP projects be extended until January 30, 2009.

***Alderman Garrity** moved to extend the CIP projects to the first meeting in February. **Alderman Shea** duly seconded the motion. **Mayor Guinta** called for a vote. There being none opposed, the motion carried.*

**Alderman DeVries** asked could we take item 18 out of order?

**Mayor Guinta** answered yes.

- 18.** Communication from Gerard Fleury, Manchester Employees' Contributory Retirement System, requesting support for an amendment to HB 149 for language correction.

**Alderman DeVries** stated Your Honor, this is just a communication from Gerard Fleury, our Manchester Employees' Contributory Retirement System Director. They are submitting to the Legislature corrective legislation to make a correction in language. If I could ask Mr. Fleury to come forward it is my understanding that this is going to put into statute what is existing practice without any changes by the Retirement System.

**Mr. Gerard Fleury**, Executive Director, Manchester Employees' Contributory Retirement System, stated good evening. In answer to your question I would amend one word that you used. It is clarifying legislation and not corrective legislation. There really isn't anything wrong with the existing law other than it doesn't contain all of the wording that it might have ideally. What we are attempting to do is make sure that anyone who reads this fully understands what their options are. As such, it would not change any of the past practices of the Retirement System. It does not change the benefit structure in any way nor does it affect the cost of the operation of the system.

**Mayor Guinta** asked is this referring to employees who are terminated prior to five years of service to the City?

**Mr. Fleury** answered that is correct and the point of clarification is an individual who terminates from the City but who has already reached 60 years of age has always been entitled to be able to take a benefit regardless of whether or not they have five years. You have two mutually exclusive conditions there. One is eligibility for retirement, which you achieve simply by reaching age 60 and the other is vesting that might well apply to someone who is 25 and works for 5 years and leaves. They can vest that benefit with the intention of coming forward so they are mutually exclusive events. That was not clear in the statute.

**Alderman Gatsas** stated I am reading this and the way I am reading it it sounds as though, and I am only reading the words, any member who has attained the normal entry retirement date but who wishes to receive a lump sum distribution of accumulated distributions plus interest in lieu of a monthly retirement benefit may do that. What that says to me is that if you retire and you are at your normal

retirement date and you want to get your money in a lump sum even if you have been here 25 years this says you are able to do that. I guess my question is what is the cost to the fund if you have a run on the fund with people wanting their money and what interest rate is used in lieu of the monthly payment?

**Mr. Fleury** replied it can be interpreted the way that you have stated it. It would be a very unwise decision on the part of any member who is entitled to take a benefit after 25 years to withdraw their money because the cost of the fund would be minimal. They would be withdrawing their contributions and accumulated interest and essentially forfeiting the rest of that benefit. The reason we wanted this language put in is that it is conceivable that someone could come to work for the City at age 59, work a year and a half and then leave. We wanted to be sure that they weren't getting the misinterpretation of the statute that they had to take the benefit because if you look at how long it would take them to recover their money, they might have to live until 90 to get it.

**Alderman Gatsas** asked what happens if there are 400 employees in the City that decide to pull their money out plus interest? What happens to the fund?

**Mr. Fleury** answered there would be a huge actuarial gain.

**Alderman Gatsas** asked a gain?

**Mr. Fleury** answered absolutely, because on average an individual recovers everything they paid in plus interest in about three years time but if they annuitize that then they are collecting the earnings of the fund plus the contributions of the



City for as long as they live. If there was a mass exodus and they pulled their money out, there would be a huge actuarial gain.

**Alderman Gatsas** replied Your Honor, I would like to see this go to a Committee because the last time we said it wasn't going to cost the City anything before we had an opportunity to take a look at it. The legislation was just about ready to be passed and we found that there was a glitch in one of the bills that came before us two years ago. My suggestion is that before this full Board just makes a recommendation not understanding what this legislation might mean to the City employees and to the fund, I would like to see a Committee make a full determination of this bill. There is no fiscal note on it. It is pretty much when you see it in legislation it kind of says the City of Manchester wants this and it usually moves through on a unanimous basis.

**Mayor Guinta** asked has a hearing date even been scheduled yet? Is it at LSR or Legislation right now?

**Mr. Fleury** answered it is in Legislation and it is very unfortunate timing on this because I was not supposed to bring this to the Board until we actually had a copy of the bill itself because there can be style changes between the language that is introduced and the version that comes out of legislative services. So I was not supposed to come to this Board and say this is what we think the bill will say when it comes out. Now, the bill was actually released on January 5. This Board met the following day on Tuesday and that did not afford me the opportunity so this is my first opportunity. The Legislature had a hearing in the House on the 15<sup>th</sup>. I went there and testified indicating that we were to come before the Board tonight and if this Board were to vote not to support this issue and I am certainly

hoping that they will because this does not have any cost associated with it and it does not change past practice. It simply clarifies what we have been doing all along but we would ask the sponsor to withdraw the bill because we don't want to create the appearance that the Retirement System is forcing things through in a sneaky fashion and trying to get it through the Legislature with the concurrence of the Board of Mayor and Aldermen.

**Alderman Lopez** asked the committee is meeting tomorrow, correct?

**Mr. Fleury** answered it is my understanding that the ED&A Committee does meet tomorrow and they had asked whether or not I could obtain the results of tonight's vote and have it hand carried to the Legislature tomorrow and I agreed to do that.

**Alderman Lopez** replied that is the information that I have. Let me just say what I want to say and that is it. Would you stake your job that there is no cost to this and it is just a clarification?

**Mr. Fleury** responded yes I would.

**Alderman Gatsas** stated with all due respect to my colleague there is nothing that says that the committee has to vote on this bill tomorrow. They meet for the next six months up there unless something has changed that I don't know about.

**Mayor Guinta** stated my personal preference is that any time this Board is asked to endorse something from the Retirement System that we do go through the Committee process here. That also gives us the opportunity for our legal counsel

to review it. I would feel more comfortable if we had some sort of written analysis from legal counsel and from the Finance Officer after their review. I don't mean to hold it up with the committee in Concord but they could certainly exec this out next month and I don't think it would impact the passage effective date as long as it moves through the House and the Senate. My personal opinion would be to accept the motion from Alderman Gatsas. We could expedite it through our Committee process and that would go for any other retirement issues. I think it is just reasonable for this Board to have it go through Committee like everything else and get the staff recommendations. That way, Alderman Lopez doesn't have to ask you to put your job on the line.

**Mr. Fleury** replied I don't think the Retirement System would have any difficulty with that. It would be a practice that would be new to us, however, so I would look for some guidance as to exactly which City Committee that would go before. Would that go before Finance or where would it go?

**Mayor Guinta** responded I think this would go to Administration wouldn't it Mr. Clark?

**Mr. Thomas Clark**, City Solicitor, responded yes.

*Alderman Gatsas moved to refer the item to the Committee on Administration.*

*Alderman Osborne duly seconded the motion.*

**Alderman M. Roy** stated with a friendly amendment to the maker of the motion I would ask that it be referred tonight to staff so that when the Committee meets they have that information at their fingertips.

**Mayor Guinta** responded I don't think it needs to be part of the motion. I can just ask staff to review it and provide comments in writing for the next Committee on Administration meeting.

***Mayor Guinta** called for a vote on the motion. There being none opposed, the motion carried.*

**10.** Nomination(s) to be presented by Mayor Guinta, if available.

Jerome Duval to succeed Nury Marquez (resignation) as a member of the Police Commission, term to expire September 15, 2009.

Paul Lessard to succeed Richard Bunker (term limit) as a member of the Water Commission, term to expire January 1, 2012.

**Mayor Guinta** stated these nominations will layover to the next meeting.

***Alderman M. Roy** stated normally I do ask that the nominations layover. I realize that as a former Alderman, Jerome Duval has served the City well, so I would move that we suspend the rules and confirm the nomination of Jerome Duval this evening.*

***Alderman J. Roy** duly seconded the motion. **Mayor Guinta** called for a vote. There being none opposed the motion carried.*

**11. Confirmation of nominations made by Mayor Guinta:**

**Senior Service Commission**

James F. Eddinger to succeed Jeffrey Bolduc, term to expire  
January 1, 2012.

*On motion of Alderman Garrity, duly seconded by Alderman Smith, it was voted to confirm this nomination.*

**Water Commission**

Phillip Sapienza to succeed Patrick J. Jordan, term to expire  
January 1, 2011.

*On motion of Alderman Gatsas, duly seconded by Alderman Shea, it was voted to confirm this nomination.*

*On motion of Alderman Pinard, duly seconded by Alderman M. Roy, it was voted to recess the meeting to allow the Committee on Finance to meet.*

**Mayor Guinta** called the meeting back to order.

**14. Report of the Committee on Finance**

A report of the Committee on Finance was presented respectfully recommending, after due and careful consideration, that the following Resolutions:

“Amending the FY2009 Community Improvement Program, authorizing and appropriating funds in the amount of Eight Thousand Dollars (\$8,000) for the FY 2009 CIP 214209 6% Incentive Fund Program.”

“Amending the FY2009 Community Improvement Program, authorizing and appropriating funds in the amount of Four Thousand Nine Hundred Eighty Four Dollars and Thirty Two Cents (\$4,984.32) for the FY 2009 CIP 412009 Manchester Red Light Running Program.”

“Amending the FY2009 Community Improvement Program authorizing and appropriating funds in the amount of One Hundred Sixty Thousand Dollars (\$160,000) for the FY2009 CIP 611709 Housing Initiatives Program.”

“Amending the FY2009 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Twenty Five Thousand (\$125,000) for the FY 2009 CIP 711709 Storm Water Utility Study/Design.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Thousand Dollars (\$50,000) for the FY 2007 CIP 510907 Parks Improvement Project.”

“Amending the FY2006 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Five Thousand Dollars (\$105,000) for the FY2006 CIP 214206 Manchester Health Care Access Review Program.”

ought to pass and be Enrolled.

*On motion of Alderman Garrity, duly seconded by Alderman Osborne, it was voted to accept the report of the Committee on Finance and adopt its recommendations.*

## **15. Report of the Committee on Human Resources**

A report of the Committee on Human Resources/Insurance was presented respectfully recommending, after due and careful consideration, that a request by the Human Resources Director to contract the City's Group Life and AD&D insurances with Boston Mutual for three (3) years from February 1, 2009 through January 31, 2012 at the combined rate of \$0.115/\$1000.00, be approved.

*On motion of **Alderman Shea**, duly seconded by **Alderman Osborne**, it was voted to accept the report of the Committee on Human Resources/Insurance and adopt its recommendation.*

**16.     Report on Committee on Public Safety, Health, and Traffic**

No report.

- 17.**   Warrant to be committed to the Tax Collector for collection under the Hand and seal of the Board of Mayor and Aldermen for the collection of sewer charges.

*On motion of **Alderman J. Roy**, duly seconded by **Alderman Pinard**, it was voted to commit the warrant to the Tax Collector in the amount of \$221,855.51.*

- 19.**   Communication from William Gorodetzer, Wall Street Towers Limited Partnership, requesting approval and execution of the refinancing proposal for Wall Street Towers.

**Mayor Guinta** asked Mr. Minkarah and representatives from MDC to come forward for a brief presentation.

**Mr. Jay Minkarah**, Economic Development Director, stated I think the Board is aware...and I believe you have all received copies of the proposal from Mr. Gorodetzer. This is a revised proposal from the one you saw last time. In essence there are a few primary changes. First of all the offer amount has been upped from the \$2.9 million to \$3.2 million or an increase of about \$250,000. In addition there has been an agreement to withdraw the current appeal of the 2008 taxes and an agreement not to move forward with an appeal for 2009. It still has the requirement that \$4.5 million be put into the building held in a special escrow account. Otherwise, I think the deal is essentially the same as what we saw previously. Staff has looked through this being myself, including Bill Sanders,

Dave Cornell and the Solicitor's Office. I believe most of the members of the Board are aware of the contents. The Manchester Development Corporation did vote to approve the revised proposal at their meeting on January 9. I think between all of us collectively we would be happy to answer any questions that you may have.

**Alderman Lopez** stated I would like to have a comment from the Finance Officer please.

**Mr. William Sanders**, Finance Officer, stated my opinion of the proposal is that I am in favor of it for a couple of different reasons. The first is that there is obviously a cash payment to the City of \$3.2 million under this agreement. There is also an agreement to withdraw the requests for tax abatements in tax years 2008 and 2009. It also requires the investment in the building of \$4.5 million over the next three years and I think it represents in a very difficult situation a more certain and positive outcome than voting against the proposal or declining the proposal. There are other options that will potentially come to light but I think in all of those options the more likely option is that the building will not get the additional investment it needs and it could sell at amounts in a foreclosure situation that would result in the City receiving a minimal amount of money if any. My opinion is that it is a good proposal for the City and I would recommend it to the Board of Mayor and Aldermen.

**Alderman Lopez** asked could the Assessor please come forward. For the record, can I have your opinion of this proposal as the Assessor of the City of Manchester?



**Mr. David Cornell**, Assessor, stated I have researched this proposal quite extensively. I think basically what it boils down to is there is a good offer on the table. As we went through these there is a potential if the right scenario happens the City could get more money. In that scenario there is a potential that the City may get less money. So balancing the certainty with the uncertainty, I think the offer at hand is a pretty good offer.

**Alderman Gatsas** stated let me ask a question because the taxpayers are out there watching and I think this is their dollar and they should understand it. Can you tell me, did somebody set-up a meeting for me last week and can you tell me...I guess let's go to Finance since he called to set-up the meeting. Can you tell me who was present at the meeting that you asked to set up with me?

**Mr. Sanders** responded I think Mr. Minkarah set-up the meeting actually.

**Alderman Gatsas** replied okay let me ask Mr. Minkarah then. Who was present at the meeting?

**Mr. Minkarah** answered myself, the Finance Director Mr. Sanders, Dave Cornell, Tom Arnold, Kathy Schmidt from Citizen's Bank and Bill Sigula from Citizen's Bank.

**Alderman Gatsas** asked Tom Arnold, the Deputy Solicitor?

**Mr. Minkarah** answered I believe Tom was there but I may be recalling incorrectly. I stand corrected.

**Alderman Gatsas** stated he must have been invisible because I didn't see him. Can you tell me, after a lengthy discussion of the better part of an hour, what discussion happened and what the circumstances are that arrived at the conclusion of that meeting?

**Mr. Minkarah** responded as best as I can recall there was particular concern about a \$7.6 million guarantee that existed for PNC Bank. We had a lot of discussion about what exactly the implication of having that meant and whether or not that amount of money would be available to offset any potential losses for the second, third, fourth and fifth position mortgagees. We definitely left that meeting with some real concern as to if certain scenarios played out such as, for example, in the event of a foreclosure if PNC were to take that guarantee prior to foreclosing on the property that would in essence improve our position considerably in the event of a foreclosure, meaning that we could realize a greater amount than the \$3.2 million that was on the table. I don't know if it was distributed to all of the Aldermen but Mr. Sanders has prepared an analysis of some different scenarios that could play out in the event of a foreclosure but as best as I can recall that was the essence of the issue.

**Alderman Gatsas** stated let me ask you a different question then because I have a few of them because they took an hour of my time and when I left that meeting I thought that the three City officials that were with me understood the deal but I guess they didn't. The banking officer that was there who was the senior lender said if it was a mortgage in his bank and there was a collateral of \$7.4 million... what did he tell you that the City's position should be?

**Mr. Minkarah** responded I am not sure what he would say our position would be but at that meeting he did indicate that he would more than likely recommend taking that guarantee prior to foreclosing. That is my recollection.

**Alderman Gatsas** replied that is certainly not what I understood at that meeting. It wasn't even relatively close to that discussion.

**Mayor Guinta** asked well, what was the discussion?

**Alderman Gatsas** answered the discussion was that after understanding that the \$7.4 million went to reduce the first mortgage, which left the City behind about \$5.3 million, that that position would be a better position to take for a \$22 million obligation that the City was looking at than taking \$3.2 million because if the building sold for what everybody was saying it was appraised for at \$10 million we would be receiving the better part of \$5 million. That was the understanding when I left that room. Now if the three of you understood something different, I certainly didn't get a call from the bank to tell me that their ideas were different than what I heard. As far as I see it, the two documents that we now have in front of us, or at least I have in front of me, one is a collateral pledge agreement and the other one is a guarantee and both of them make the City's position stronger.

**Mr. Minkarah** stated I do agree that that was the consensus that we all reached when we left that meeting. That is definitely what the scenario appeared to be. Since that time I know the Finance Director has had subsequent conversations with Mr. Sigula from Citizen's Bank which he may wish to speak to further, but I think our primary concern has been that we don't determine whether or not PNC plays the scenario out in that way. It is certainly possible that they could choose to foreclose first and then take advantage of that guarantee to make up any discrepancy or any deficiency in what they receive at foreclosure and if that were to happen, our position would not be improved. I think the bottom line is that from our perspective it is certainly possible that a scenario could play out where the City could find itself in a better position in the event of a foreclosure but we

don't know whether or not that would occur and we can't control whether or not it would occur, at least to the best of our understanding. The guarantee that exists exists for PNC. It doesn't exist for the rest of us. I don't know if Mr. Sanders wants to elaborate on that issue but that is my understanding.

**Mr. Sanders** stated I would just briefly add that at the conclusion of the meeting that we had with Alderman Gatsas there was a legitimate question about whether the \$7.6 million of cash collateral was available to creditors beyond the first mortgagee.

**Alderman Gatsas** responded that was never part of the discussion at that meeting. Only for the first. I understood that and so did the bank because the bank was very clear that if it was their position they would take the money before they would foreclose because the cost of foreclosure is certainly greater than capturing the \$7.4 million that is sitting in collateral.

**Mr. Sanders** replied that was a question in my mind and at the conclusion of the meeting we endeavored to...I had an additional meeting with Citizen's Bank and we reviewed the documents, had the input of the City Solicitor and have concluded that the \$7.6 million is solely for use at the complete discretion of Pittsburgh National Bank. I met on Friday with Mr. Sigula from Citizen's Bank to provide him with that additional information. He advised me at that time that he assumed at the meeting that was held with Alderman Gatsas that the money was available for creditors beyond the first mortgagee and that was not the case. It was for the sole use of the bank at which time he was not as optimistic.

**Mayor Guinta** stated I want to make sure that the Aldermen understand that point because it is a critical one. If you could try to articulate what you just said.

**Alderman Gatsas** asked so let me understand you, Your Honor. You are in favor of this deal? Are you taking a position in favor of this deal?

**Mayor Guinta** answered I am more than happy to take a position. What I want Bill to do right now though is...

**Alderman Gatsas** interjected my question is this: Are you in favor of this deal?

**Mayor Guinta** stated there is a deal before the City.

**Alderman Gatsas** replied are you in favor of it?

**Mayor Guinta** responded may I answer that?

**Alderman Gatsas** replied sure but it shouldn't be other than a yes or no.

**Mayor Guinta** stated well I would like to give a bit of a history here as to how I came to my conclusion about the deal before us. Part of that hinges on what Bill just said because your understanding or what was conveyed to you at your meeting and what was conveyed subsequently, it is very critical to understand the benefit that the City could receive. In order for every Alderman to make a decision I want to make sure they understand this particular issue. After Bill answers it, again I want to make sure that people are clear on it. I will be happy to give my opinion about the deal before the City.

**Mr. Sanders** stated as part of the transaction, in addition to receiving a first mortgage on the property, PNC Corporation also received from the owner of Wall Street Tower a personal guarantee of \$7.6 million to support the loan facility. In addition to his guarantee, he had to deposit funds with Pittsburgh National

Corporation, which is solely within their control and he has on deposit with them at this point in time his own personal money of \$7.6 million in additional support of that first mortgage.

**Mayor Guinta** asked so cash in a bank account?

**Mr. Sanders** answered cash in a bank account that is posted by him, the owner, and can only be used...

**Alderman Gatsas** interjected can you give me the title of who it is posted by please, just so that we are all clear?

**Mr. Sanders** responded I believe it is posted by...well I don't...can I defer to Mr. Gorodetzer?

**Mayor Guinta** asked who is it posted by?

**Mr. William Gorodetzer** answered the owner of that collateral is Wall Street Towers Limited Partnership; the owner of Wall Street Towers.

**Alderman Gatsas** asked do they have a fifth position in this?

**Mayor Guinta** stated I just want this one particular issue clarified and then I would be happy to have anyone ask follow-up questions but we have \$7.6 million in cash here. The original notion was that we would have access to it as a City.

**Alderman Gatsas** responded Your Honor, with all due respect I was in that meeting and I never once assumed that it would enhance our position because any of that \$7.6 million would come back to us as a City. Never once did I understand

that. It was very clear and I understood that that would reduce the first mortgage by \$7.4 million. That is what I understood and that is what everybody else in that room understood, including the bank because I said to them what would your position be if that collateralized position was in your bank?

**Mayor Guinta** stated I guess what I need to ask Bill is is that a fair...after the subsequent conversations that you have had is that an accurate analysis or was there more information forthcoming that changes the situation?

**Mr. Sanders** replied the piece of information that I believe should be considered and I do think changes the situation is that it is not the first order of business that PNC must necessarily draw down on that cash collateral. They are in complete control of the cash collateral and the first mortgage on the property so it is completely within their discretion whether they intend to proceed with a foreclosure on the property or draw on the cash first. If they foreclose on the property first and if they sell it for \$10 million for example that will completely settle the first mortgage with PNC and the cash collateral will be returned to the owner and there will be no participation by the second or third mortgage in any proceeds and the City would receive \$0. If the building sold for \$16 million approximately, in that first example where the bank moves to foreclosure, the City would receive approximately \$3.2 million, which is the amount of money that is on the table today. If they draw the money down first, obviously the sale price that they would need to fully pay off the loan would be lower and the City would receive approximately \$3.2 million if the building sold for \$8.5 million. If it sold for \$10 million or \$11 million the City would receive that additional money. The primary decision that is not within the control of the City as I understand it in consultation with the Solicitor's Office is the decision by the bank, PNC, as to whether they will draw on the cash collateral first or proceed to foreclosure.

**Alderman Murphy** stated I just want to think this through logically for a minute. I am a bank in this economy where over half of the real estate it seems is bank owned and they can't push it off the market. I have over \$7 million in cash collateral and I am going to foreclose first and give them back the cash collateral?

**Mayor Guinta** stated well assuming they get their price the answer would be yes.

**Mr. Gorodetzer** asked may I answer that? There is a big misconception here. PNC's obligations exceed the cash collateral.

**Alderman Murphy** answered I am well aware of that.

**Mr. Gorodetzer** stated let me finish. PNC has over \$10 million of obligations to the bond holders plus they would have additional costs in foreclosure that would probably increase that significantly so it isn't a question of take the collateral and don't foreclose or foreclose. Any way, any scenario requires PNC to take foreclosure action to come out whole and if you look at the language in the document...

**Alderman Murphy** interjected no. I have seen the language and I read it and I have heard this spiel enough times and now it is my turn. Even if they take the \$7 million in cash collateral and they have to turn around and foreclose, that is \$2.8 million plus \$2.5 million on the second, which at a market price of \$10 million leaves over \$5 million for the third mortgagor. \$3.2 million is a joke and there is no way I am voting for this and I would encourage all of you to think this through before you cast your vote.



**Mr. Gorodetzer** stated I am quoting from the actual agreement that the Alderman referred to. It says “PNC in it’s sole discretion may elect” and also at determination of the letter of credit, the balance if any shall be paid to the grantor. The grantor is defined as Wall Street Towers Limited Partnership. You have to understand that this is not the only relationship we have with PNC bank. Any business person has bank relationships in order to stay in business. PNC and its predecessor companies have been our primary lending relationship for over 30 years. We are a major customer of the bank. The bank continues to do business with us on many different planes. So it is not to be assumed that PNC would automatically grab what is cash collateral, pledge collateral pledged against the liability and against the value of the property.

**Mr. Cornell** stated because there is more owed on the property than what is being held as cash collateral, under either scenario a foreclosure would happen. If a foreclosure is going to happen, one likely scenario could be the foreclosure would take place first and essentially the cash collateral would be used as an insurance policy so the bank would be fully protected. So if it sells for...let’s just say it went for a ridiculously low \$8 million, the bank assuming they are owed basically \$10 million, the \$8 million they get from the foreclosure and they still have the \$7 million cash collateral that is an insurance policy.

**Alderman Murphy** responded I think it is highly unlikely that it would play out that way. You are entitled to your opinion.

**Mr. Cornell** replied that is one thing as staff that we are trying to balance as far as if the scenario plays out that it would foreclose first, let’s just say it would foreclose and in this case let’s say it went for \$12 million. If it went for \$12 million at foreclosure, that would satisfy the first mortgage and it would satisfy

some of the second mortgage. The City being in third position under that scenario would not receive any money.

**Alderman Murphy** stated but your scenario is based on them not latching on to that cash collateral and that is critical.

**Mr. Cornell** responded that is very critical and that is the unknown. In balancing this because it is a tough decision that you as Aldermen are faced with here. There is a guarantee of \$3.2 million on the table. That is a guarantee. The unknown is if we chose to turn this plan down and we let it run out through the foreclosure process there is an unknown there. Maybe the bank does draw down on it first under that scenario and the City makes out better. Therefore, a year from now or two years from now whenever the foreclosure would happen the City would possibly get more than the \$3.2 million that is on the table. However, if they decided not to, and as Bill just pointed out they do have a relationship with the bank because of their relationship with the bank, under that scenario the City could actually receive none of the money they are owed. That is the balancing act that I think...

**Alderman Murphy** interjected just out of curiosity and for the benefit of people who are watching this at home, what is the total amount owed on that third mortgage?

**Mr. Gorodetzer** answered \$12 million. Wait, actually it is \$12,875,000.

**Alderman Murphy** stated so closer to \$13 million.

**Mr. Gorodetzer** answered correct, and that is made up of \$2,479,200 of principal. The owner has over \$7.1 million of principal in the deal combined in the second and the unsecured fourth position. It isn't like the owner doesn't have money in the deal. The owner has over \$7 million cash in the deal. The only reason the accrued interest to the owner, and there are two reasons, is less than what is accrued to the City is because the owner's interest is prime plus two and prime has been low and the interest paid to the City has been 9.25%. That is why the accrued interest is higher but if you look at the amount owed, it is \$6,169,499. That includes both the third and the fifth position to the owner at \$7,068,325 from the audited financial statements. The owner has more money in this than the City does.

**Alderman Gatsas** asked what is the fifth mortgage or do we not want to talk about that?

**Mr. Gorodetzer** answered the fifth mortgage is included in that amount.

**Alderman Gatsas** responded not in the \$12 million.

**Mr. Gorodetzer** stated Alderman, the principal amount of the fifth mortgage is included in the figures I just gave you.

**Alderman Gatsas** asked what is owed to the City, principal and interest?

**Mr. Gorodetzer** answered \$3,222,298 principal on the fifth mortgage.

**Alderman Gatsas** asked what is the interest?

**Mr. Gorodetzer** answered \$6,583,444.

**Mayor Guinta** stated let me interrupt for a minute. This doesn't need to be adversarial. There is a deal that is being presented to the Board. We are either going to accept it or reject it but we don't need to be adversarial.

**Alderman Gatsas** stated Your Honor, I take great exception that when I left the room there were three department heads in that room and it was very clear what my understanding of their position was. Mr. Sanders was very hesitant and said I think it is a good deal but I have to look into it more; the three of them.

**Mayor Guinta** stated I don't know when you met with them. Was it sometime last week?

**Alderman Gatsas** answered Thursday. It took the better part of an hour.

**Mayor Guinta** stated but since that point they have had additional conversations to clarify some of the questions that were identified in that meeting. First of all, I want to thank staff for actually reaching out to Aldermen and meeting with you to try to address your concerns. Some concerns were addressed in that meeting. It sounds to me like staff hesitated based on some of those questions and they were clarified after that meeting. We are now having that discussion about that meeting here but again let's...you know there is a deal before us and we have to vote either yea or nay. There are some issues that we have to consider about the future of this building and the future of this economy and those things have to be weighed by these members.

**Alderman Gatsas** stated let's understand, because what is not on the table is that there is \$22 million to the City. If this property goes to foreclosure, 30% tax is going to be charged to the owners of that property on an income tax basis. In

rough calculations that is \$6.6 million just on the \$22 million if it doesn't pay anybody off to the third. So the third, the fourth and the fifth are gone.

**Mayor Guinta** asked so you are saying we should get a percentage of that?

**Alderman Gatsas** answered absolutely.

**Mayor Guinta** stated when there is a transaction I don't think one side sits there and assesses the tax implication positive or negative for the other side.

**Alderman Gatsas** stated the deal, Your Honor, is that we are giving them those mortgages. We are giving them the mortgages and they can assign them to another property and not pay the tax. That is part of the deal. That is part of what we are doing. So that is worth something.

**Mayor Guinta** responded I understand what you are saying. The City is getting something if the City executes this deal. It is not like the City is getting nothing. The City is getting...it is up to the Board to say whether you agree with it or not. Let's have a reasonable discussion about it and then we can vote. At the end of the day if the Board says no, that you want to take a risk that in 2015 we are going to get more than what is offered, then that is up to the Board. I don't think that is what the Board should do but again let's talk it out rather than argue it out. I know there are a few people who do want to speak.

**Alderman M. Roy** stated first I would like to hear the gentleman's response to that last statement regarding the tax.

**Mr. Gorodetzer** stated there would be a tax liability and I couldn't tell you what it is but there would be a tax liability for what is called forgiveness of debt. The people who would recognize that as income can also offset that with what are called loss carry forwards and unlike most people who can't take passive losses because the principals are in the business, they have significant loss carry forwards. Now that is not to say that that will eat away for some other potential use of that loss carry forward in the future but please do not assume if it is a \$6.5 million hypothetical tax liability that the owners would have to pay \$6 million in taxes, just like when everyone does their income tax statement there are offsets or there are credits and I can assure you that the principals have more than enough loss carry forward to absorb \$6 million or any foreseeable number.

**Alderman M. Roy** asked, Mr. Sanders, do you agree with that statement and could you comment on the final line on Page 1 of 2 on your 1/20 memo?

**Mr. Sanders** answered I don't know the particulars of the owner's tax positions but it is certainly true that if they have operating loss carry forwards coming from other partnerships or other business activities that they are in those would serve to reduce the taxable income being created by forgiveness and it is entirely possible that it would eliminate their tax liability. As it relates to the last item...you mean on the first page?

**Alderman M. Roy** responded first page. My first question was going to be on the value of that final bullet point.

**Mr. Sanders** replied the very subject that we are talking about actually is what the last bullet refers to, Alderman. As part of the transaction, the City and MDC will authorize Wall Street Tower to reassign the unpaid debt to other parties to preserve the tax status of the unpaid interest. That is to ensure that it would not

become forgiveness of debt and create taxable income. That is a value, there is no question, to the partnership and to the owners and that enables them to preserve their tax position.

**Alderman M. Roy** stated and the question that I have asked and have not gotten an answer to, and the gentleman may be able to answer it for me, is what is the balance of the renovation accounts or capital improvement accounts currently held by the ownership for Wall Street Tower? On one of your spreadsheets I believe I saw \$300 per unit as a monthly goal.

**Mr. Gorodetzer** answered that would be an annual amount of reserves going forward under the proposed underwriting of the new loan.

**Alderman M. Roy** asked what are they today prior to your new loan?

**Mr. Gorodetzer** replied there is no requirement for reserve for replacements under the current financing.

**Mayor Guinta** stated I think he is referring to the \$320,000 on the balance sheet.

**Alderman M. Roy** responded no, it is on one of your spreadsheets. It was \$300 per unit per year since inception.

**Mr. Gorodetzer** stated that is an underwriting amount that is used by the lender as a set aside. They collect that amount with the monthly mortgage payment. That amount annualized and divided by 12 is escrowed just like when you would make a residential payment you might have to escrow for taxes and insurance. They collect an additional amount for reserve for replacements, which the owner is allowed to request in future years to be used for capital improvements. That is the

owner's money and it is used for capital improvements going forward, things that wear out or things that have to be replaced over time like carpet, appliances, and painting.

**Alderman M. Roy** responded I am quite aware of what they are used for. I am asking what the balance is. I see it on the spreadsheet going forward but what are the balances today?

**Mr. Gorodetzer** stated after adjusting for the \$400,000 operating loss, approximately \$1.3 million that is maintained in the owner's project account would be depleted completely within the next two to two and a half years based on the projection that we provided. There is also something that was incorrectly labeled debt service reserve, which is the bond revenue fund, which are amounts that have been paid on a monthly basis to the trustee, and again, if the project was operating at a cash flow positive, those would be net positive proceeds because the \$1.3 million would reduce dollar for dollar. Under the current situation there really is no net effect. If you wanted to recognize the \$320,000, you would have to deduct almost a similar amount from the \$1.3 million, which would end up being \$1 million after making that payment for the interest instead of principal.

**Alderman M. Roy** stated I have gone to the Michaels Development website but unfortunately it is not totaled. How many projects are there total?

**Mr. Gorodetzer** responded we have a family of companies and approximately 240 properties that we manage. I would say we have ownership interest in 215 of them. The balance we manage for the benefit of non-profits substantially. We have a little over 30,000 apartment units. We have about 1,800 staff and we are the largest owner and manager of affordable housing in the country.



**Alderman M. Roy** asked and of those 215 with ownership interest, what percentage is P&C involved in?

**Mr. Gorodetzer** answered P&C is involved in...I couldn't give you a percentage but they are involved in corporate financing for us, they do our treasury financing, and they also do our lines of credit and our letters of credit. We have a line that probably is somewhere in the neighborhood of \$15 to \$20 million of business with them, some of which is not drawn down on.

**Alderman M. Roy** asked so is it safe to say they are your primary bank?

**Mr. Gorodetzer** answered we are a major player for them.

**Alderman DeVries** stated certainly this is not an easy deal or an easy decision for us as Aldermen but it appears that we are being asked to make an educated guess on when this foreclosure might occur. Is it going to occur before the drawn down of the escrow security amount, the \$7 million, or is there going to be a foreclosure that will occur right off the top holding the owner's security in case there is some sort of a short sale. Is that pretty much what our primary decision is?

**Mr. Gorodetzer** responded that is basically not your decision but it is the decision of P&C Bank and if, in fact, their obligation was less than the cash collateral they were holding, clearly why would they want to go through a foreclosure action? In reality, they have at least a \$10 million exposure and arguably more so they have to foreclose anyway. Why would they offset it with the cash collateral initially when they are controlling it in their sole and absolute discretion, and under the collateral pledge agreement can use it for any deficiency? Why would they play that chip up front if they control it and it continues to earn interest?

**Alderman DeVries** stated if I heard you correctly, because this is part of the guess, and I am trying not to say a gamble, though that is actually where we are at. We are trying to make an educated guess or gamble on the action that P&C will take but I heard you testify that there is an ongoing and very lengthy relationship with the owner that has a \$7 million security and you believe that adds some weight to why they will not diminish that relationship by going straight to that security. Did I understand that correctly?

**Mr. Gorodetzer** responded let me say it a different way. P&C has a Board of Directors to which they are responsible. P&C is heavily regulated by the bank. P&C will do what they deem appropriate. However, if they feel that they control the \$7.4 million, now \$7.65 million and change with accrued interest, and they feel that they do not diminish their security by using it later instead of sooner and they have a relationship with this owner who would stand to benefit if they use it later than sooner, yes.

**Alderman Gatsas** asked can you repeat that please? What did you say?

**Mr. Gorodetzer** responded word for word?

**Alderman Gatsas** replied yes.

**Mr. Gorodetzer** stated what I said was that P&C has regulators and they have a Board of Directors...

**Alderman Gatsas** interjected the last piece about how they choose to use the money.

**Mr. Gorodetzer** stated how P&C chooses to use the money is within their sole and absolute discretion. They can choose to use it first or they can choose to use it last.

**Alderman Gatsas** stated I will have her read it to you because we have it verbatim.

**Mr. Gorodetzer** responded I read it to you verbatim before.

**Alderman Gatsas** asked can you read back the statement that says if they choose to do it secondly the owner gets preferential treatment?

**Mr. Gorodetzer** stated finally after payment in full of all secured obligations and termination of the letter of credit, the balance if any shall be paid to the grantor. The grantor is defined as Wall Street Tower Limited Partnership. That is where it says it. It is right in this document.

**Alderman Gatsas** responded that is not what you said to her.

**Mr. Gorodetzer** asked what did I say to her, Alderman?

**Alderman Gatsas** answered you said to her that the preferential treatment would be given to the second mortgage holder.

**Mr. Gorodetzer** replied I didn't say that.

**Alderman Gatsas** stated yes you did.

**Mayor Guinta** stated let's try to move on here.

**Mr. Gorodetzer** asked can I just say one thing? All of this focus has been on a downside situation. The reality is we have an asset that has a value and it is subjective opinion as to what the value is. There is presently close to \$52 million of debt against this asset. How much is this asset worth? We have a lender who is willing to lend us \$8 million on a piece of real estate that has to be worth at least \$12 million. What is the upper limit of its value? I am not going to talk about appraisal theory but let's go back historically to what the value was. When P&C got into this transaction in 1997, their appraised value was \$8.3 million. In March of 2002, the appraised value went down from \$8.3 million to \$8 million. In 2006, the most recent appraisal, it was \$11.9 million. We all know what just happened to real estate in the last three years. I would venture to say that if P&C did an appraisal today it would likely be lower than \$11.9 million. Does that mean it is the asset's actual value in the market place? Maybe; maybe not.

**Alderman DeVries** stated so we are back trying to decide when that security is going to be tapped, whether it is before foreclosure or not. The one question I haven't heard answered is, is there a difference in the cost of the foreclosure if it is done on a smaller amount? If they go to the FC security amount first leaving...

**Mr. Gorodetzer** interjected the amount of costs are fixed. There are court costs. There are attorney's costs. There are trustees. There are receiver costs. It is the same.

**Alderman DeVries** asked so the deal before us today could bring back to the taxpayers of the City \$3.2 million?

**Mr. Gorodetzer** answered yes and it also could bring to the owner \$5 million by walking away from the building. That could also be another scenario and I am not suggesting we want to do that. We want to leave our money in the deal. We want to not walk away with a single cent. We want to invest \$4.5 million in improvements. We have agreed not to appeal the taxes that probably are \$125,000 to \$150,000 a year higher than what they should be, based upon what our consultants tell us. We have made a fair business proposal. Is it a solution for the City and MDC? No. Is it a solution for the owner? No. Is it a solution for the residents? No. Is it a best alternative? In my opinion, yes for all three of those parties. It is a good deal. It is a reasonable deal. It is a fair deal and it has certainty. We have the ability to perform. We have agreed to put up \$300,000 to bind our obligations. We know the City is going to perform. We are not asking you to put up the same amount. We have great relationships with our lenders. We are very comfortable that we are going to close this thing hopefully by March 30 or June 30 at the outside. If I can close it in February, it will be done in February and we will deliver \$3.2 million less the \$300,000 deposit to you within two to six months. I can tell you that that is reasonably certain.

**Alderman DeVries** responded well that is good to hear because that is our choice. We could follow one road and assume that P&C will use the escrow or the security first and that might bring us more money but if we are wrong and they foreclose and it is a short sale the City could get nothing.

**Mr. Gorodetzer** replied and the owner could walk away with a significant amount of money.

**Alderman DeVries** stated and likely we will get nothing.

**Mr. Gorodetzer** responded yes.

**Alderman DeVries** stated so that is the educated guess or gamble we are being asked. One which might give us \$3.2 million to use in a very tough budget next year and the other which may bring nothing.

**Mr. Gorodetzer** stated I would look at it a different way. I wouldn't look at it as what is the best I could do and that is what we should get nor would I look at it as the worst the City could do. I would just suggest to you that what is on the table is somewhere in between; it's a fair and reasonable deal.

**Alderman DeVries** stated I want to make one comment because we are spending a lot of time discussing a deal that I don't think any of us were around to enter into. This deal was struck decades ago.

**Mr. Gorodetzer** interjected 1985.

**Alderman DeVries** stated okay 1985. I don't think we had any Aldermen that were around back then.

**Mr. Gorodetzer** stated it was restructured three times since then.

**Alderman DeVries** stated it is unfortunate that we are here having to make this difficult decision today but it sounds like we got in over our heads on this property. It was a very bad deal.

**Mr. Gorodetzer** responded let me just say one thing. I would humbly suggest to you that if this deal went on until 2015, whoever is in your seats would be having a similar exercise as you are going through now. There is too much debt versus the value of the property for everyone to come out whole. It cannot happen.

**Mayor Guinta** stated I think that is an important point for us to consider. Sort of what we are considering here is the proposal that is before us that allows this entity to reinvest in its building and the City gets \$3.2 million. The assessment issue goes away. We have to determine if that is in the best interest of the City now or is it in the best interest of the City to wait until at least 2015 and what is the value going to be then and are we going to be in a position to receive more money. Let's remember if this goes into foreclosure, in order for the City to receive more than the \$3.2 million that is being proposed, the building has to sell for \$16 million.

**Alderman Gatsas** asked can he explain that because I don't see that. Can you explain how that scenario works?

**Mr. Sanders** answered if P&C determines to go to foreclosure first before taking collateral we would have to sell the building for approximately \$16 million. That would cover the \$10 million that P&C is due, the \$2.5 million that would be covered that is due to the owner and then we would get \$3.2 million which would then leave about \$500,000 for costs of disposal and auctioning, which is an estimate on my part. That is the \$16 million and that is before the cash collateral.

**Mayor Guinta** asked would it be more than \$16 million that it has to sell for?

**Mr. Sanders** answered if there is \$10 million at P&C and \$2.5 million with the owner that is \$12.5 million. So to get another \$3.2 million it would have to be \$15.7 million and I added a few hundred thousand dollars for the cost of disposal. So I just said approximately \$16 million to get to \$3.2 million if they go to foreclosure first.

**Alderman Gatsas** asked what was the original mortgage amount? Does anybody know?

**Mr. Gorodetzer** answered \$32 million.

**Alderman Gatsas** stated no the first mortgage in 1997.

**Mr. Gorodetzer** responded in 1985 it was \$32 million.

**Alderman Lopez** stated we need to have some recognition of some other Aldermen here who have raised their hands. I think we talk about \$3.2 million and I think we also talk about the abatement that would draw an appeal for the next two years. There is a possibility that we could lose the appeal and let me have the expert explain that, Dave Cornell. Actually there would be more money that we would have to put into the abatement account. I would ask him to explain it like he did to us in Committee.

**Mr. Cornell** stated currently the property is assessed for a little under \$21 million. The owner has appealed for 2008. As part of this deal, the owner has agreed that they would withdraw their appeal for 2008 and additionally they have agreed that they would not appeal for 2009. So the first year they would be up for potential abatement would be 2010 and hopefully by then much of that \$4.5 million that they put into the property will be expensed by then. So it does remove a fairly good sized liability off of the Assessor's books for 2008 and potentially for 2009.

**Alderman Lopez** stated the second point I would like to make is MDC voted unanimously and the President, Kathy Smith, was also there and she voted for the option. The third point is Mayor you do support this proposal that staff has come forward with, correct?



**Mayor Guinta** stated I will make a couple of statements about that if you like. First of all, I have had the pleasure of meeting and negotiating with the representatives from Wall Street Tower as well as with Alderman Lopez in the room and let me tell you, this is not an easy decision nor was it an easy process for me either. I am trying to weight what is in the best interest of the City and do I think accepting this deal, this agreement that staff has negotiated, is in the best interest. I think it is and I think it is for a few reasons. First of all, I think if this goes into foreclosure in order for us to get \$3.2 million the building has to sell for at least \$16 million. I can't tell you with certainty that the building would not sell for \$16 million but in my personal opinion the building would not sell for anywhere near that amount. If it doesn't sell or if it sells for less than \$16 million, the City gets nothing. Now if it doesn't go into foreclosure, and that is a possibility and that is a possibility that I have to weigh in negotiating this and that every Alderman has to weigh and some of the Aldermen are making the argument that there will be value in 2015. I will tell you straight up that I think that is a possibility but what is the likelihood that will occur is what we have to consider. I would make an educated guess based on the history of the last ten years and projecting out the next ten, I don't think we are going to come anywhere near to that pay out. Again, Alderman Gatsas you and I obviously disagree on that point. You think it is going to be a much greater value at that point and you are arguing that there is going to be money to pay out. I happen to disagree with that, but again, that is what we have to try to determine as voting members.

**Alderman Lopez** stated my last comment is that I appreciate everybody's comments. We are not financial experts. At least I am not a financial expert in real estate. First of all, we shouldn't even be in the real estate business to begin with because it is very complicated. When I sit in a room with people who have more expertise than I and talk about different things, I have to break it down to

layman's terms and I have asked them to break it down and they broke it down into layman's terms to meet with the Aldermen because it is a very complicated issue. We sat in the room for two and a half or three hours and I know some of the Aldermen have valid questions. I agree with the Mayor. Do I want to gamble in 2015? I go back to a comment Mr. Gorodetzer made. In 2015 there will be new people on this Board for a new deal. I think we ought to take this deal as recommended by staff who spent many, many hours on this. I trust their judgment, especially our Finance Officer.

**Alderman Smith** stated David, I know the debt is \$51 million and the value of the property I question but you have it assessed roughly for \$20 or \$21 million and they are saying \$12 million. What is the disparity between the two groups there? If they go for an abatement, it is going to cost the City money no question.

**Mr. Cornell** responded for total liability, assuming that Bill is correct and it goes for \$12 million, it will be a little over \$150,000 for an abatement for 2008 and a little bit more for 2009.

**Alderman Smith** asked if they do go to a foreclosure the City may get nothing at all correct?

**Mr. Gorodetzer** answered that is correct.

**Alderman Smith** asked and you are saying that P&C set the value at \$11.9 million?

**Mr. Gorodetzer** responded in 2006, which is the year that the property was last appraised, and it was appraised based on comparable apartment properties selling for condo conversion at that time...

**Mr. Cornell** interjected the last revaluation was in 2006. Since that time, certainly the market has changed.

**Mr. Gorodetzer** stated but that had an assessed value of \$20.3 million or \$20.4 million. P&C's appraisal was \$11.9 million in the same year.

**Alderman Smith** asked David, if we went through this process and they asked for an abatement do you have any idea what the cost would be to the City?

**Mr. Cornell** answered as far as the total abatement liability, you are looking at about \$150,000 that we would have to recognize in our overlay account in 2008 and 2009.

**Alderman Shea** stated we heard tenant testimony this evening that they are certainly in favor of this particular deal or project as it were. Secondly, I don't know how much money it is going to be worth in the year 2010 but I certainly don't think in the year 2015 that the dollar is going to be as valuable as it is now judging from how quickly it has fluctuated. I know you could buy a loaf of bread for X pennies and then dollars and now you go to the store. The third point I want to make is I feel that our City staff have done very well on this particular project. I also feel that Alderman Gatsas has done very well because he is the one that initially did not want to accept the first proposal. The City itself was not benefiting with the first proposal because we were getting much less than MDC. Right now the City is getting \$1.6 million as opposed to the amount we were going to get prior to that, which was considerably less. Add in the \$300,000 for the two years for the non-abatements and I think like I have said before a bird in the hand is worth two in the bush.

***Alderman Shea** moved to approve the refinancing proposal for Wall Street Towers. **Alderman Pinard** duly seconded the motion.*

***Alderman Shea** requested a roll call vote.*

**Mayor Guinta** stated I'm sorry. I will do a roll call. There is further discussion first.

**Alderman Ouellette** stated I look at it this way. I agree with you, Your Honor, when you say the value of the building for us to make any money is \$16 million. I agree with you that the likelihood of that building selling for more than \$16 million is going to be very difficult at best. I also realize that there is \$52 million in mortgages on this property. It is outrageous how it got to this point to begin with. No one is going to give me four times what my house is worth if I apply for it. I don't understand how this got into this situation but unfortunately the situation is before us. I also want to point out that I think we would be doing a service to the City if we take the money now. We will also be doing a service to...obviously the owners are going to make some money on this but the \$4.5 million that is going to be invested in the building for repairs for the tenants is important as well. I just haven't heard that yet in our discussion but that should not be overlooked either. I think we are also going to be helping the tenants who live in that building. If they need \$4.5 million, obviously that building is in need of some repair. That having been said, I will support this. Am I happy about it? No I am not but neither is anyone else in this room. I appreciate the work that has been done and I appreciate my colleague's on the opposite side's position on this and respect it as well.

**Alderman Osborne** stated I have a simple question. What kind of a guarantee is there that you are going to be able to get this money – the \$3.2 million? Is there any guarantee that this is going to happen or is this just a Catch-22? What is this?

**Mayor Guinta** asked are you talking about the \$3.2 million payment to the City?

**Alderman Osborne** responded exactly.

**Mr. Gorodetzer** asked do you mean if we move forward with the refinancing proposal?

**Alderman Osborne** replied yes. If we move forward when do we get the \$3.2 million?

**Mr. Gorodetzer** answered you get the \$3.2 million at the time that we close on our refinancing, which is likely to be by March 31 of this year or possibly as soon as the end of February but no later than the end of June.

**Alderman Osborne** asked so Wells Fargo is waiting for our answer and then they are going to decide?

**Mr. Gorodetzer** answered Wells Fargo is waiting to go to Freddie Mac to say that there is...you have to understand that this thing has all been driven by the fact that Freddie Mac, who will be the investor in the deal that Wells Fargo has negotiated with us, will not allow any secured subordinate debt to remain in place behind the new first mortgage. So Wells Fargo is unable to get approval from Freddie Mac until there is a definitive arrangement between the owner and the holders of all subordinate debt, which include affiliates of the owner as well as MDC of which the City is a stakeholder. Wells Fargo has completed their processing. They have

all of their third party reports. Their timeline is approximately two weeks for submission to Freddie Mac, another two weeks to get approval and issue a commitment. Once they issue the commitment we have five days maximum to accept and interest rate lock and once we have done that we have a maximum of 15 days to close on the transaction. That is the timeline.

**Alderman Pinard** stated I would like to remind my colleagues and everybody in the room to look at the economy the way it is and look at the real estate market and look at the foreclosures. I know that this is probably a gamble. The state wants to take a chance on gambling at Rockingham Park. If this is going to secure the tax base of the City I think it is worth the gamble because what happened today on inauguration day, the stock market went down. I think that gives us an indication on how we should vote tonight.

**Alderman M. Roy** stated first I would like to look at the letter dated December 30<sup>th</sup>, I believe from you Mr. Gorodetzer or from Wells Fargo to you. In the fifth paragraph you brought up the Freddie Mac financing and the fact that secured mortgages behind the first would be unacceptable. Could you elaborate on your next line after that where it begins "under certain circumstances they will consider unsecured debt"?

**Mr. Gorodetzer** responded what that would mean is exactly what the fourth position of the owner's affiliates and the fifth position of MDC's debt is. It is unsecured. There is no mortgage against the property. It is only an obligation of the owning partnership. The owning partnership is a single purpose partnership. The only asset it owns is the property and any accounts associated with the property. So what they are saying is they would more than likely...Wells Fargo can't commit Freddie Mac to allowing unsecured debt against the property. What Wells Fargo said in the prior paragraph is that Freddie Mac will not allow any

secured subordinate debt against the property. I think that if the City was willing to make all of their existing debt unsubordinated and the owner did that on their second and the City did that on their third I think the mortgage would go forward but we would still have an issue in 2015 because there would still be note obligations. The difference would be neither the second mortgagee nor the third mortgagee would be able to foreclose on the real estate or have the real estate as collateral for the obligation owed by the partnership. It would be solely the assets in general but not secured by a lien against the real estate.

**Alderman M. Roy** asked so basically in looking back at the Finance Officer's memo of January 20<sup>th</sup>, for the first mortgagee, Wells Fargo, at a payment of \$3.2 million, you are wiping out everything above the \$25 million subtotal. So we could still have a building in the City of Manchester with a \$16 million unsecured...well now as considered a fourth would become an unsecured second?

**Mr. Gorodetzer** answered all of the existing subordinate debt – the second, the third currently secured, the unsecured fourth and currently unsecured fifth would remain post refinancing as unsecured. So of the approximately \$53 million including the accrued interest, only the new first mortgage of \$8 million would be a lien against the property.

**Alderman M. Roy** stated I will get directly to my question. For \$3.2 million payment we are letting go of that fifth but the unsecured today could still be there in six months, the unsecured of \$9.8 million?

**Mr. Gorodetzer** responded that is correct but it is a paper obligation, Alderman, because in order for it to have value that fifth is in its last position. I mean it is last in the \$53 million train and the train only goes to \$12 million, \$14 million or \$16

million. Pick a number. So everyone who sits behind that value basically whether it is secured or unsecured it is paper; worthless paper.

**Alderman M. Roy** stated correct. I agree it is worthless paper until you get to that number. Are any payments being made on that fifth?

**Mr. Gorodetzer** answered no. It is an obligation that accrues interest and is due and payable on maturity, which I believe is November 15, 2015.

**Alderman M. Roy** asked so if that stayed in place unsecured, we would be having another conversation about a buy out in probably December of 2016.

**Mr. Gorodetzer** answered if I had not retired and you were on the Board, yes.

**Alderman M. Roy** stated again to my colleagues, I believe that this is a very one-sided transaction. I believe Wall Street Towers and the financing mechanism that it was created by was meant to serve the City on an ongoing basis. We give the pile of money to the Wall Street Partnership and they in turn repay it to the City and we give it to someone else and create another economic development engine. They pay it back to the City and we give to another third party. Not necessarily this Board but Boards ten or 15 years from now. While I do agree with some of the statements that a bird in the hand is better than what we could be looking at in 2015, I don't believe that this is the best transaction that we can provide to the City of Manchester based on the way the financing was created in the beginning and I know there have been a number of pitfalls since then but I do believe we are giving away all of our rights for a very small amount of money so I will be voting against this and look towards negotiating a better transaction or having whoever sits in this chair a few years from now discuss it at that point.



**Alderman Gatsas** stated Your Honor, I wasn't argumentative. I guess that was my passion coming out and you still haven't told me whether you support this deal so I will ask you again at the conclusion of my statements. Let me just say this. This is no different than the baseball deal and I think that I stood up the loudest to not separate the three agreements because somewhere our line of credit is going to fall apart and lo and behold it fell apart. I think that when you look at this deal, for anybody to say that \$1.6 million is going to reduce the tax rate that is a fallacy. It doesn't happen. We are looking at a deal that as soon as we do this deal we don't even know if we have a deal because if it gets to June and Freddie Mac freezes up again and the second tier of taxpayer's money comes back into these banks for lending we don't have a deal. So at that point, I would say that P&C is going to pull the plug on the \$7.4 million and unless they have already made a deal with a wink and a nod, which puts us in a very differential position, I have a problem with that. We are forgiving \$22 million in debt that this City is owed that could have gone out to other deals. We subordinated in 1997. We didn't have to do that. I am looking around the room and I don't know if anybody was here in 1997 but that deal had to be subordinated again. My question to you was what was the first mortgage of P&C in 1997? You still haven't answered that question.

**Mr. Gorodetzer** responded I am sorry I didn't hear the question that way. The original first goes back to 1985.

**Alderman Gatsas** replied no the original first in 1997.

**Mr. Gorodetzer** stated at the time P&C came into the deal as a substitute credit enhancer for Daiwa Bank who was going down the tubes, it was a little over \$14 million.

**Alderman Gatsas** responded so from \$14 million...

**Mr. Gorodetzer** replied \$14 million was the approximate amount. I can give you the exact in a moment.

**Alderman Gatsas** asked so since 1997 you have paid down somewhere in the vicinity of \$5 million or \$4.8 million? So if \$4.8 million was made in this deal then we are sitting there with \$1.6 million if for some reason this deal had to be completed two months ago when it first came before us because we had that window of opportunity. Now I am going to vote against this deal but I would say that there should be a subsequent motion that tonight we make a deal that says pay us our \$3.2 million in 10 days or we don't go forward because there is no guarantee we are getting any money. Let's all remember that. There is no guarantee that the \$3.2 million comes to this City on this deal until they close on the property. So I am going to vote against it. We shouldn't do the deal but certainly you folks that are going to vote for the deal, you should get your money a lot sooner because without that you are not going to have a deal.

**Mayor Guinta** stated you can't really get money on a closing until the closing.

**Mr. Gorodetzer** asked can I just say two things? First of all, the City is no worse off two months from now if we don't close and in fact they are better off because they will be getting \$300,000 of our money that we don't want to use. We are putting up \$300,000 as part of the negotiations. It may not be a lot of money to you, Alderman. It may not be a lot of money to a lot of people but it is \$300,000 we have at risk if we don't perform under this deal and if our lender doesn't perform under this deal.

**Alderman Gatsas** responded but with all due respect you are taking it out of the security deposits of this building.

**Mr. Gorodetzer** replied that is incorrect and I think that is an inappropriate statement. That is segregated money held in escrow for the residents. In no way, shape or form are any resident security deposits involved in any of this transaction. Those are held in segregated accounts for the benefit of the residents. That is an incorrect, inappropriate and unfair statement.

**Mayor Guinta** stated okay we do need to take a vote. We have definitely discussed this and I think most people know how they are voting. I know MDC...

**Alderman Gatsas** interjected I didn't really finish because the quick summation of this is that there are 154 units there that in a three year period if they, just on a conversion basis, sold for \$95,000 a unit...and I take you to 55 North River Road and we multiply that times 154 units, we are at \$14.6 million. My bet is on a conversion basis those units are worth probably somewhere around \$20 million.

**Mayor Guinta** responded I don't disagree with that math; however, the fact of the matter is you have to find someone who is willing to pay it. That is the challenge that I think is before all of us. If someone was willing to pay it, I suspect they would have done this a long time ago and sold it. There is no buyer out there for that amount of money. At any rate, I know Mike has been waiting patiently for about two hours to make a comment. So I will let Mike make his comment and then I will go to Alderman Garrity.

**Mr. Mike McCluskey**, MDC, stated I just want to give you some of the thinking from MDC's perspective. One, I think we did look at the history and we all say we have problems with it. Owners make money because they weren't making interest payments but the end result was at the end of the day we had to look at where we are today and how do we move forward. The risks that we looked at

were foreclosure, and I think the feeling that I have is the same as when I was here before you and told you how the City made the right move with Jac Pac because you can control the development with this. If it goes to foreclosure, you don't know what is going to happen to that property. Who is going to buy it and what is going to happen to it. With this deal you know that you are going to get \$4.5 million invested in that property. This is a downtown property. It is an integral location and I hate to see that building go into disrepair because somebody tried to take the short-term financing out of it. Next point, the tax abatement. I think that you have to look beyond the isolation of the one case. I don't think it would be a good precedent for the City to lose this tax case. They do have a bank appraisal for \$12 million. It starts at that. I have all of the confidence in the City Assessor fighting a good battle but I wish I could guarantee you what happens in court. Others could use that as a representative so I think to say that the loss in taxes is \$150,000 a year or \$300,000 over two years may be short-sighted because people would use that as a comparison seeking other abatements. So yes there are aspects of this deal that I don't like, but it is an integral part, you do get some money up front, you do get a commitment for renovations of \$4.5 million. I think it helps you on the assessment of taxes because at the end of two years when a lot of that money has been spent, that is investment that has been made into the building and, therefore, it is harder to defend an assessment at \$12 million. Those were some of the thoughts that came up during the MDC decision.

*Alderman Garrity moved the question.*

**Mayor Guinta** stated the motion has been made by Alderman Shea and duly seconded by Alderman Pinard to accept the proposal as outlined in Mr. Gorodetzer's letter dated January 8, 2009. Alderman Shea has requested a roll call vote.

Aldermen Shea, DeVries, Garrity, Smith, Ouellette, Sullivan, Osborne, Pinard, and Lopez voted yea. Aldermen Murphy, M. Roy, Gatsas, and J. Roy voted nay. Alderman O'Neil was absent. *The motion carried.*

**Mr. Gorodetzer** stated I want to thank everyone. I know that everyone is passionate but I appreciate all of the efforts that went into this – the elected officials and especially the City staff who labored many, many hours to try to broker what was an acceptable deal. We look forward to continuing our participation as a member of the community in the City of Manchester.

**Alderman Gatsas** asked when do we get our \$300,000 check your Honor?

**Mr. Gorodetzer** answered it is all in the letter when we sign the agreement.

**Mayor Guinta** stated there is no more debate on the issue because the issue has been voted on.

**Alderman Shea** stated I would appreciate it if people would be recognized by the Chair and not speak out.

**Mayor Guinta** stated thank you.

**Alderman Gatsas** asked when are we getting our \$300,000 check?

**Mr. Gorodetzer** answered on Page 2 of the letter that was in the package of materials and that appeared on the website, Item 5 says “within five business days of full execution of the agreement, and the agreement is the definitive agreement to carry out this transaction, We are going to deposit \$300,000 in a mutually acceptable escrow account with a mutually acceptable escrow agent.”

**Mayor Quinta** asked so if we sign it today, in five days.

**Alderman Gatsas** asked why is it being deposited with an escrow agent? Why isn't it coming directly to the City?

**Mayor Quinta** answered the agreement that was before us is to put it into a mutually acceptable escrow account. That was the agreement that was agreed to by the City.

**Alderman Gatsas** stated the only time you do that, Your Honor, is if there is a question of where the money is going to go and when it is going to go. If it is our money...I will take it up under new business.

**Mayor Quinta** stated Alderman, I want to move on with the agenda here. It was in the agreement. We all had the agreement prior to this meeting. That is what the City staff has recommended.

**20.** Discussion relative to the General Fund Departments' Master List of proposed stimulus projects.

**Alderman Lopez** stated I guess we have a priority list that is broken out by some Aldermen and a separate one by Alderman Mark Roy. Basically the only addition there I see is Police Safety. Otherwise, all of the other items are listed by Aldermen Murphy, Ouellette, myself, Smith, Shea, and Osborne.

***Alderman Lopez** made a motion that these two documents be established as the top priority list for stimulus projects. **Alderman Osborne** duly seconded the motion. **Mayor Guinta** called for a vote on the motion. There being none opposed, the motion carried.*

**21. Resolutions:**

“Amending the FY2009 Community Improvement Program, authorizing and appropriating funds in the amount of Eight Thousand Dollars (\$8,000) for the FY 2009 CIP 214209 6% Incentive Fund Program.”

“Amending the FY2009 Community Improvement Program, authorizing and appropriating funds in the amount of Four Thousand Nine Hundred Eighty Four Dollars and Thirty Two Cents (\$4,984.32) for the FY 2009 CIP 412009 Manchester Red Light Running Program.”

“Amending the FY2009 Community Improvement Program authorizing and appropriating funds in the amount of One Hundred Sixty Thousand Dollars (\$160,000) for the FY2009 CIP 611709 Housing Initiatives Program.”

“Amending the FY2009 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Twenty Five Thousand (\$125,000) for the FY 2009 CIP 711709 Storm Water Utility Study/Design.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Thousand Dollars (\$50,000) for the FY 2007 CIP 510907 Parks Improvement Project.”

“Amending the FY2006 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Five Thousand Dollars (\$105,000) for the FY2006 CIP 214206 Manchester Health Care Access Review Program.”

*On motion of **Alderman M. Roy**, duly seconded by **Alderman Sullivan**, it was voted to waive reading of the Resolutions.*

*On motion of **Alderman Garrity**, duly seconded by **Alderman Pinard**, it was voted that the Resolutions ought to pass and be Enrolled.*

## **TABLED ITEMS**

- 22.** Recommendation from the Special Committee on Riverfront Activities receiving unanimous vote that the City purchase a certain .2633 acre parcel of land located at 2 Line Drive under the terms and conditions identified in the attached purchase and sales agreement.  
*(Note: The Board voted to accept and adopt the recommendation of the committee and it was then vetoed by Mayor Guinta. Additional communications have been provided by Pamela H. Goucher, Interim Planning Director and Leon L. LaFreniere, Building Commissioner, and forwarded to Board on September 8, 2008; Tabled 09/16/2008.)*

*On motion of **Alderman Lopez**, duly seconded by **Alderman Shea**, it was voted to remove this item from the table.*

**Alderman Lopez** stated this has been on our agenda for a long time and unless there is an objection from a member of the Committee, I would like to receive and file this.

**Mayor Guinta** stated that doesn't preclude the issue from coming back because eventually it is going to come back.

**Alderman Lopez** responded correct.

**Mayor Guinta** asked so for housekeeping?



**Alderman Lopez** answered yes, because it is going to have to go through Committee again anyway.

**Mayor Guinta** stated I would anticipate that this issue is going to come back. We are waiting for the EPA...

*Alderman Gatsas requested a roll call vote on the motion to remove this item from the table.*

**Mayor Guinta** responded well, it has already been removed from the table.

*Alderman Gatsas moved to table this item.*

**Alderman Lopez** asked do you want to keep it on the table as a Committee member?

**Alderman Gatsas** stated if we are talking about house cleaning and there is a property that has been sitting on the table for six years...

**Alderman Lopez** responded I just asked the question and you didn't say anything. Now that you are saying something I will put it back on the table.

*On motion of Alderman Lopez, duly seconded by Alderman Garrity, it was voted to put this item back on the table.*

## **NEW BUSINESS**

**Alderman Smith** stated I would like to know what the status is with the Highway Department in regards to snow removal and so forth. What is the projected cost after the storm? Are they under budget and where do we stand right now?

**Mayor Guinta** asked would anyone be opposed to having a written document sent to the Aldermen updating that status? I would like to have a full accounting done by the department. I did meet with Kevin today on that subject but if he could put that in writing to the full Board inside of a couple of days would that be good?

**Alderman Smith** stated as you remember I said he would probably be back shortly and I am sure he will be.

**Alderman DeVries** stated when we met at the Committee on Accounts, which would have been probably two or three weeks ago now, there had been some discussion about making a prohibition on out-of-state travel. That recommendation would have been sent to you, Your Honor, for your decision as to the timeliness. It did not come up as part of our discussion two weeks ago at our last Board meeting.

***Alderman DeVries** moved to refer out-of-state travel on a case-by-case basis to the Mayor's Office for approval and that the departments not plan on out-of-state travel without prior written approval. **Alderman Sullivan** duly seconded the motion.*

**Mayor Guinta** stated I thought it was addressed in Committee.

**Alderman DeVries** responded I checked with the Clerk's Office and he didn't think that we had that specific motion.

**Acting City Clerk Matt Normand** stated it was a directive that the Committee had requested, and we sent it to your office. It wasn't a Committee report. That was your question earlier. It was a directive of the Committee that it be sent to the Mayor's Office and that was sent.

**Alderman Lopez** stated I don't believe it was a directive from the Committee. It was implied to bring it before the full Board and let the Mayor's Office know before we brought it to the full Board. Committees can't direct.

**Acting City Clerk Normand** responded the Committee asked that the issue of out-of-state travel be referred to the Mayor's Office for review. We sent an e-mail the following morning to the Mayor's Office.

**Alderman Lopez** replied for review. I understand that.

**Mayor Guinta** stated I would be happy to accept the motion.

*Mayor Guinta called for a vote on the motion regarding out of state travel. There being none opposed, the motion carried.*

**Alderman Shea** stated my constituents on Somerville Street whose children go to Southside Middle School asked me to express their gratitude for allowing their young students to have ridership. They do appreciate that and they wanted me to let the Board know and the School Board members.

**Alderman Lopez** stated in reference to the written documentation from the Highway Department, can Kevin also work with the Finance Officer to talk about the \$500,000 for road repair so we have a complete understanding?

**Mayor Guinta** responded yes.

**Alderman Gatsas** stated I have a constituent that brought something very interesting to me and wanted me to ask a question about it. What I have before me is a Notice of Parking Violation. This was issued on Tuesday at 3:51 AM on a cul-de-sac street off of Wellington Road and it was issued by a Parking Control Officer. I guess I will ask that department head do we have Parking Control Officers working at 3:51 AM? Can somebody give me that answer?

**Mayor Guinta** stated yes we do.

**Alderman Gatsas** asked we have somebody who drives around cul-de-sacs at 3:51 AM to give out \$50 parking tickets?

**Mayor Guinta** answered yes.

**Alderman Gatsas** stated my question is are we paying them overtime? Is that just the time of the night they are out issuing tickets?

**Mayor Guinta** responded I assume that is their shift and they are not paid overtime.

**Alderman Gatsas** asked how many hours do they work and can you get me the number of tickets that they are issuing on \$50 violations?

**Mayor Guinta** asked between midnight and 6 AM?

**Alderman Gatsas** stated I am just amazed that a Parking Control Officer is driving off of Wellington Road when all you have to do is drive up Blodgett Street or Prospect Street or Harrison Street and there are probably hundreds of tickets that could be given out.

**Mayor Guinta** stated maybe we could get a status report to the Committee on Public Safety regarding the number of tickets from that time period.

**Alderman Gatsas** stated the ticket, Your Honor, just so you know, was because the car was parked in the wrong direction.

**Mayor Guinta** stated I got a phone call too and it was either the same constituent or there were two issued that night. We will get a report and if you could also send it to all Aldermen.

**Alderman Lopez** asked and can we also know why?

**Mayor Guinta** answered yes absolutely.

**Alderman Sullivan** stated it is hard to follow that up but in a memorandum I distributed to the Board this evening I just want to allude to something that the new President discussed in his address this afternoon. He spoke about the need to move towards a green economy and construct green buildings. I think that is an area where there will be some additional federal funds becoming available over the next couple of years and I also believe that it is an area where the City of Manchester needs to have a long-term comprehensive strategy in place ready to go so we can capitalize on these funds once they do become available. What I am

proposing is that we establish a Green Buildings Task Force so we can put together a plan for converting City facilities to green buildings to make them more environmentally sound. This is something that will save taxpayers money in the long-term, as well as helping our environment here in New Hampshire. I guess it isn't the right time to have an in-depth discussion given that it is after 9:30 PM but I would ask that this proposal be referred to the Committee on Lands & Buildings. Would that be appropriate?

**Mayor Guinta** stated sure. That can be referred without objection and Alderman Smith can't wait to take up the issue.

**Alderman Osborne** stated on the directive that we all got from the Committee on Administration, I want to refer this to the City Clerk please.

**Acting City Clerk Normand** stated I think what Alderman Osborne is referring to is the phone poll that was conducted for the Committee on Administration and the request would be to accept the report of the Committee. I can read it into the record if you would like.

A report of the Committee on Administration/Information Systems was presented recommending, after due and careful consideration, that the expiration date for the ordinance amendment increasing current taxi rates from \$.25 per one-sixth of a mile to \$.40 per one-sixth of a mile, be extended until February 28, 2009.

**Alderman Osborne** moved to accept, receive and adopt the report of the Committee on Administration. **Alderman Garrity** duly seconded the motion. **Mayor Guinta** called for a vote. The motion carried with Alderman M. Roy being duly recorded in opposition.

**Alderman Gatsas** stated for my colleague in Ward 3, I certainly don't disagree that we should be looking at maybe a little less green washing that is appearing today because I read an article today that I will give to my colleague so he can read it. I was amazed when I read the article that it talks about green washing. I will send that to Lands & Buildings also.

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

A True Record. Attest

City Clerk