

DEPARTMENT OF CITY CLERK

CITY HALL

SEPTEMBER 26, 1974

The Committee on Finance meets this day in the Conference Room, City Hall, at 4:00 o'clock P.M.

Present: Chairman Lynch and Councilmen McKiernan, Beatini, Darigan and Bradshaw.

Also present is City Solicitor Louis A. Mascia. (Rose M. Mendonca, Assistant Clerk.)

RESOLUTION DECLARING THE CITY'S INTENT TO PAY CERTAIN DEBTS OF THE PROVIDENCE CIVIC CENTER AUTHORITY.

Chairman Lynch informs the members he has invited Francis Kelleher, Attorney for the Providence Civic Center; James Nagle, Business Manager and Elwood Palmer, Secretary Treasurer of the Center to answer any questions pertaining to the above Resolution the Committee may have.

Chairman Lynch explains the above Resolution to the members that were not in attendance at the meeting held September 24th, at which time it was Continued.

He states the total construction cost, equipping and furnishing of the Providence Civic Center is in the amount of \$13,691,615. The contribution from the City of Providence is \$12,921,229. \$770,386.00 is the building cost in excess of the funds provided.

The point of the Resolution is to allow the Civic Center to enter into seven year agreements with banks in the area to resolve this \$770,386.00.

He further states it was brought out at the last meeting that the original intent of the surcharge was to help to resolve this; however, when it was introduced in that manner opposition was raised to the institution of surcharge by the Musician's Union, they being opposed to it.

City Solicitor Mascia was representing the City at the General Assembly and it was his opinion that without the amendments to the Act, it would not have been passed.

The proposal is that the money derived from the surcharge will come into the general fund of the City and reduce the bond indebtedness of the City for the construction costs. The money involved in the appropriation by the City of these monies over seven years will start at \$154,000 the first year and diminish approximately \$7,500.00 each year over seven years.

At the meeting held September 24th, questions were raised by Councilmen Darigan and Bradshaw, and it was requested the Committee meet again this day.

City Solicitor Mascia explains that Mayor Doorley had legislation introduced for a 5% surcharge and he was authorized to appear before the General Assembly which was locked up at 3:00 o'clock in the morning.

September 26, 1974

The major gripe of the Union was that years ago, they had a tax on amusements and through the Federal Government, this being nation-wide, they abolished the tax and the Union now felt this would be a step towards an amusement tax.

He states the legislation he introduced included that the 5% surcharge would be applied to either operating expenses or the Bond Issue, he explained to the Union what the intent was; diminish the so-called bond issue. Negotiation was entered into and the bill was amended whereby the surcharge would be applied to diminish the bond issue and at the expiration of the bond issue, the surcharge will cease. His own opinion is that if the Finance Committee appropriated such money towards operating expense they would be without the scope and the intent of the Act.

Chairman Lynch states Bond Counsel is more cautious and felt the proceeds cannot be used the way it is set up to reduce the excess of construction cost that is the reason for the Resolution.

Councilman Bradshaw reviews by stating \$13,000,000 worth of bonds were sold with the understanding that profits would be used to pay off the bills over twenty years or so. If the costs to build the facility runs over, you cannot take any of the profits or cannot use the surcharge to preserve the rights of the bond holders. He likes the surcharge for people from all over that will pay indirectly toward the expense, but the problem is the \$700,000, which it cost to construct the facility and the idea to use the surcharge to wipe out that \$700,000 initially.

He reads Section 5 of the act wherein it states: "Said surcharge shall be applied to the civic center bond indebtedness and said surcharge shall terminate upon liquidation of said bond indebtedness." He questions as to how they can assign to the City to repay this amount of money, the surcharge says you cannot.

Chairman Lynch explains the monies derived from the surcharge, which they can safely say will amount to at least \$200,000 a year will be turned over to the City General Fund and be used to retire the bonded indebtedness. They are now asking for an appropriation by the City of Providence in the amount of \$154,000 which will diminish over the period of seven years to resolve this discrepancy cost.

Councilman Bradshaw states the surcharge will be segregated from the money taken in.

Mr. Nagle explains the surcharge will not enter into any calculated loss of the Civic Center, that is separate altogether, which will be transferred to the City at an annual basis at the end of each fiscal year.

Councilman Darigan questions as to whether the interest goes to the City or the Civic Center Authority and Mr. Nagle answers it will go to the Authority right now.

September 26, 1974

Councilman McKiernan reviews the subject to be sure he understands.

Mr. Palmer states when this is cleared up, the Authority will be in good shape, this has been hanging over their head for a long time. The funds that come from the surcharge will be applied to the bonded indebtedness.

Chairman Lynch states that was the initial reason for the surcharge. He states the \$225,000 that will come from the surcharge to the City is a cautious figure, that will increase.

Questioned by Councilman Darigan as to where the money will come from, Chairman Lynch states the General Fund.

Councilman Bradshaw is of the opinion the Mayor broke his back trying to get it up to the \$13,000,000 to build the facility. Finally the taxpayers went along with it. Now the taxpayers are being asked for an additional \$770,000.

He is of the opinion it should not have gone that high, it should have stayed under the \$13,000,000. The City is losing faith with the taxpayers, it will cost them more.

On motion of Councilman Beatini, seconded by Councilman McKiernan, it is voted to transmit the Resolution to the City Council with recommendation of Adoption.

Councilman Bradshaw desires to be recorded as voting "No".

ADJOURNMENT. On motion of Councilman Beatini, seconded by Councilman Darigan, the Committee adjourns at 4:50 o'clock P.M.

Rose M. Mendonca
Assistant Clerk