

LONG RANGE CAPITAL PLANNING AND UTILIZATION COMMITTEE

Legislative Office Building, Room 201

Concord, NH

Tuesday, March 4, 2014

MEMBERS PRESENT:

Rep. David Campbell, Chair

Rep. John Cloutier

Rep. Gene Chandler

Rep. Alfred Lerandean

Rep. John Graham (Alt.)

Sen. David Boutin, Vice-Chair

Sen. James Rausch

Sen. Sylvia Larsen

Sen. Nancy Stiles

ALSO PRESENT: Gerard Murphy, Budget Director
(Governor's Office)
Michael Connor, Deputy Commissioner
(Department of Administrative Services)

(The meeting convened at 2:42 p.m.)

1. Acceptance of Minutes of the January 16, 2014 meeting.

CHAIRMAN CAMPBELL: Going to call the Long Range Capital Planning and Utilization Committee to order. Apologize for those here waiting. We are running a little behind today. First order of business is the acceptance of the minutes of January 16th, 2014.

****** SEN. BOUTIN: So move.

SEN. RAUSCH: Second.

CHAIRMAN CAMPBELL: Moved and seconded by Senators Boutin and Rausch. All those in favor? Opposed? Minutes are accepted.

***** {MOTION ADOPTED}**

2. Old Business:

CHAIRMAN CAMPBELL: There is no Old Business.

3. New Business:

CHAIRMAN CAMPBELL: New Business. Our first items are Department of Transportation. Mr. Miles, you want to come up. LRCP 14-001, Department of Transportation. This is the largest listing we have, I think. Mr. Schmidt, hi. Good morning.

CHARLES SCHMIDT, Administrator, Bureau of Right-of-Way, Department of Transportation: Good morning. How are you?

CHAIRMAN CAMPBELL: Good.

MR. SCHMIDT: Good afternoon.

CHAIRMAN CAMPBELL: This is our biggest listing in Windham. It's a big chunk of land from excess I-93 takings.

MR. SCHMIDT: Yes. For the record, I'm Chuck Schmidt, Administrator of Bureau of Right-of-Way for Department of Transportation, and I have Mr. Philip Miles, Chief of Property Management for the Department with me today.

LRCP 14-001, the Department requests authorization to extend the listing agreement with Shea Commercial Properties, Inc., for a term of six months, keep the current listing price at 3,400,000, allowing negotiations within the Committee's current policy guidelines, and assess an administrative fee of \$1100, to sell a 28.36 plus or minus acre parcel of State-owned land located at 55 Range Road in the Town of Windham, subject to the conditions as specified in the request dated February 3rd, 2014, LRCP 12-033.

CHAIRMAN CAMPBELL: Okay.

REP. SCHMIDT: Originally approved June 26, 2012, and subsequently amended by LRCP 13-027 on June 25, 2013.

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CHAIRMAN CAMPBELL: You can summarize these. You don't have to read them per se.

MR. SCHMIDT: Very good.

CHAIRMAN CAMPBELL: In the future. But on this one, what has the activity been?

MR. SCHMIDT: Yeah, the realtor's brought several offers forward. Some of them are more practical than others. We currently have an interested buyer that we were about to sign a purchase and sales agreement with that falls within these guidelines. So we are moving ahead, and I'm hoping that with this extension it will be wrapped up by Shea.

CHAIRMAN CAMPBELL: Can fill a lot of potholes.

****** REP. CHANDLER: So move.

REP. LERANDEAU: Second.

CHAIRMAN CAMPBELL: Moved by Chandler, seconded by Lerandean that the item be approved. Discussion? All those in favor say aye? Opposed? Thank you.

***** {MOTION ADOPTED}**

CHAIRMAN CAMPBELL: Next item.

MR. SCHMIDT: LRCP 14-002. The Department requests the listing price be reduced from 299,000 to 250,000. Again, allowing negotiations within the Committee's policy. This is a property in Bedford, New Hampshire, currently marketed by KW Commercial, and we want to for a six-month period.

CHAIRMAN CAMPBELL: What's Committee's pleasure?

****** REP. LERANDEAU: Move it.

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SEN. BOUTIN: I have a question.

CHAIRMAN CAMPBELL: Yes, question of Senator Boutin.

SEN. BOUTIN: When I read the report, it seems it suggested there's a real negative of the property because of access to it.

MR. SCHMIDT: Yes.

SEN. BOUTIN: I'm just wondering if this even 250 is a realistic number?

MR. SCHMIDT: Well, that's a tough one. It's the recommendation of the realtor to take those steps. It's a little more in line with our original appraisal, not the market analysis, I believe. Right? I may be getting mixed up.

PHIL MILES, Chief of Property Management, Department of Transportation: 330 the original price.

MR. SCHMIDT: That's the appraisal.

MR. MILES: Yeah, that was done.

MR. SCHMIDT: So I apologize. I stand corrected. The original appraisal was 330. So it's basically based on the guidance of the realtor marketing it. Their recommendation is that.

SEN. BOUTIN: You got a concrete island.

MR. SCHMIDT: Correct.

SEN. BOUTIN: Which means you can only get to it from one side of the road, can't get from the other. Then says 25 feet below elevation of the road.

MR. SCHMIDT: Yeah, it's a real steep embankment going down, you're right, and it's wooded.

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SEN. BOUTIN: So what's the true marketability under those circumstances?

MR. SCHMIDT: Well, like I said, we are depending on the realtor who's marketed other properties in the area to guide us on that. I would hate to have it reduced too much. I would rather come back to you and ask it to be reduced subsequent to this if there's no activity.

CHAIRMAN CAMPBELL: Representative Chandler.

REP. CHANDLER: I would just say that my good friend from Bedford sitting here thinks that 250 is something that should be attainable; but he's not a member of the Committee but I don't know he can say anything.

CHAIRMAN CAMPBELL: Oh, yes, he is.

REP. GRAHAM: I am?

CHAIRMAN CAMPBELL: We are missing a member. He can speak for himself.

REP. CHANDLER: I'll leave him to speak for himself.

REP. GRAHAM: To go to Senator Boutin's question, along that strip there are others that are below grade of the road. So I think that we should be able to get at least 250.

REP. LERANDEAU: Move it.

****** REP. GRAHAM: I'll move the request.

SEN. RAUSCH: Second.

CHAIRMAN CAMPBELL: Okay. Moved by Representative Graham and seconded by Senator Rausch that we adopt the Item 14-002. Any further discussion? All those in favor say aye? Opposed?

***** {MOTION ADOPTED}**

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CHAIRMAN CAMPBELL: 14-003, please.

MR. SCHMIDT: Yes. The Department requests authorization to amend the current listing agreement on this parcel from 90,000 down to 78,850. Again, allowing negotiations of the Committee. It's a 0.75 piece of property, and it's in the Town of Windham on Lamson Road and Roulston Road. And this has previously been approved February 13th -- excuse me -- September 24, 2013.

SEN. RAUSCH: Question.

CHAIRMAN CAMPBELL: Yes, question, Senator Rausch.

SEN. RAUSCH: This is a great location. I don't -- I think we've reduced this already. I don't understand, what is the problem? I don't know why this hasn't sold.

MR. SCHMIDT: Yep, it's a real odd-shaped property, and one piece of it's wet. Is that --

MR. MILES: Yeah. Actually, we haven't reduced this one. That's a different one up on 111 and Harris Road is the one we've come back several times, which is kind of similar and it's a small kind of odd-shaped one like this. This one was on the market maybe six months. And, again, if you look at the shape, it's kind of a tough shape to get a building in. But we do have an offer on the property, and we would be able to sign a P&S if we were able to have the listing price reduced.

CHAIRMAN CAMPBELL: Ha, that's the magic words. Motion.

****** SEN. BOUTIN: So move.

REP. LERANDEAU: Second.

CHAIRMAN CAMPBELL: Moved by Senator Boutin, seconded by Representative Lerandean. So this will sell?

MR. MILES: Hopefully.

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MR. SCHMIDT: Yes.

CHAIRMAN CAMPBELL: Any further discussion? All those in favor say aye? Opposed? Thank you.

*** {MOTION ADOPTED}

CHAIRMAN CAMPBELL: Thank you for moving that along. 14-004, please.

MR. SCHMIDT: Yes. This request is a little unique. It's to request authorization to transfer 5200-square foot parcel of State-owned land located on Long Island Road in Moultonborough to the Harilla Landing Yacht Club in exchange for a piece of property that they own on the opposite side of the roadway. Currently, their building is located on the parcel. So this would remedy that. It's the first step of clearing up some of the property issues with the ultimate hope or anticipation of turning the boat ramp over to New Hampshire Fish and Game. And just if there's additional questions specific to that, I have Glenn Normandeau from Fish and Game here, and I also have Lynmarie Cusack who's an attorney with the AG's Office who's dealt with this throughout the life of the transaction.

CHAIRMAN CAMPBELL: Are there questions of these gentlemen or Director Normandeau? Yes.

** REP. CHANDLER: I was just going to move.

CHAIRMAN CAMPBELL: Representative Chandler --

SEN. BOUTIN: Second.

CHAIRMAN CAMPBELL: -- makes a motion and seconded by Senator Boutin that we adopt 14-004. Is there any further questions or comments? Seeing none. All those in favor say aye? Opposed? Thank you.

*** {MOTION ADOPTED}

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CHAIRMAN CAMPBELL: Thank you.

MR. SCHMIDT: We have one more.

CHAIRMAN CAMPBELL: One more, sorry.

MR. SCHMIDT: Thank you.

CHAIRMAN CAMPBELL: LRCP 14-006.

MR. SCHMIDT: All set? The Department requests authorization to amend the previously approved LRCP 13-039. And the reason for this is there was a typographical error that we need to correct on the address. The correct address is 4014 and the incorrect address is 4104. 4104 is what was shown previously on the earlier submission. So this is a house cleaning effort to correct that.

****** REP. GRAHAM: So move.

SEN. BOUTIN: Second.

CHAIRMAN CAMPBELL: Moved by Graham, seconded by Boutin. Is there any discussion? Seeing none, all those in favor say aye? Opposed? Thank you.

***** {MOTION ADOPTED}**

CHAIRMAN CAMPBELL: Thank you very much. Is the other address more valuable?

MR. SCHMIDT: I'll look into that.

CHAIRMAN CAMPBELL: Next is the Community College System of New Hampshire request to amend the expiration date. Pleased to have the Chancellor here.

DR. ROSS GITTELL, Chancellor, Community College System of New Hampshire: Greg Sancoff from Juliet Marine Systems.

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CHAIRMAN CAMPBELL: Please, please, do this for everybody here. I'm sorry, introduce yourself.

DR. GITTELL: Okay, Chancellor Ross Gittell, the Community College System of New Hampshire.

GREGORY SANCOFF, President/CEO, Juliet Marines Systems:
Greg Sancoff, the President and CEO of Juliet Marine Systems.

CHAIRMAN CAMPBELL: Thank you very much.

DR. GITTELL: I'll get started, and then I'll turn it over to Greg. Background to refresh your memories. We first entered into a Purchase and Sales Agreement with Juliet Marine Systems in March of 2013. So it's been roughly a year to date working closely with the buyer. The buyer plans to use this facility for the engineering, manufacture, and sale of marine technology and vessels, and to locate the company headquarters and corporate offices in the facility. There will be a significant employment generated by the location of this company in New Hampshire, specifically in this location, estimates from 200 to 400. And the economic impact benefits to the State will be quite significant over time.

The purchase price is 2.75 million. The entire amount will go to the State in three equal payments. One on the closing date, one 12 months later, and one 12 months after that. Under the new timetable proposed today, the closing would occur within the same Fiscal Year as originally planned and the State would receive the first two payments within the current biennium as initially planned.

We come before you with a specific request to extend until April 15th the due diligence period in order to enable the buyer to obtain a third-party assessment of the current condition of the site. Our request specifically is to amend the original Purchase and Sales Agreement, as detailed, set forth in your letter that you received. We sent a letter to the Committee. I think I have -- you have it in front of you.

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The buyer is here today represented by Greg Sancoff who is the founder and CEO. We do meet regularly. I personally meet regularly with Greg. And he also is in contact with State and Federal governmental entities regarding Juliet Marine's plan to develop their business in New Hampshire.

The questions that the buyer had about this building are not uncommon in a significant commercial transaction, which this is. Some stem from the fact that the buyer's use will differ pretty significantly from the previous use which was that, as you all know, as a community college. And, therefore, the buyer must assess renovations to suit its intended uses.

Greg and his team have been working on these matters with the intention of moving into this building and establishing it as the new home for Juliet Marine Systems, and I ask that the Committee support our request for the time specific extension. And at this point, I would like to have Greg speak to you regarding Juliet Marine's commitment.

MR. SANCOFF: Hi. Thank you very much for having me here today.

CHAIRMAN CAMPBELL: Good afternoon.

MR. SANCOFF: We remain very interested in the building. We would have purchased the building if it wasn't for the, you know, recent issues with mold inside the facility. But we have no plans to look at any other facility but this one. This facility is ideal for what we're going to use it, for the high bay areas in this facility make perfect R & D facilities to build prototypes and assemble products. We have spent much time over the building. I'm there once every two weeks with contractors in the building. And what I'm doing for my Board of Directors is I'm putting together a very careful assessment of exactly what it's going to cost to bring this building back up to the standards we need it and to be able to use it for our manufacturing of our products.

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CHAIRMAN CAMPBELL: Well, thank you. Thank you for coming in today, Mr. Sancoff. Nothing like having the buyer right there --

DR. GITTELL: Yes.

CHAIRMAN CAMPBELL: -- hearing you're interested and thank you as well, Chancellor. I have a question of, I guess, Mr. Sancoff. Would you have any objection if we pass this, I think, reasonable extension due diligence period, but if we make it subject to an actual P&S being -- under the same terms being executed this week and bringing a copy back to us? I mean, for us to extend it is one thing, but there has to be a legal -- underlying legal instrument that says this is done. Is there any problem with that?

MR. SANCOFF: I think the only issue with that is not fully understanding -- I obviously need Board approval to execute that agreement. And before I can get Board approval to execute that agreement, I need to have a comprehensive understanding of exactly what it is going to cost to deal with the recent issues that came up with mold. That's where we're at right now. Yet, we have hired a contractor and he is in that facility. He's working through a complete assessment. This is like the fourth contractor we have had in this facility looking at different areas of the building. But until I can put together the cost and the assessment of bringing it back up to the standards so we can get occupancy permit, we don't know exactly what we're dealing with.

CHAIRMAN CAMPBELL: But as I understand your request, if you're not happy you can walk away without any cost.

MR. SANCOFF: Yes, we can.

CHAIRMAN CAMPBELL: I mean, for -- this is my dilemma. For us as a Committee to say yes, we'll extend it, but there's no underlying agreement, there's no agreement.

MR. SANCOFF: Right.

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CHAIRMAN CAMPBELL: I mean, all we're asking for, I think, is to memorialize what you're asking us to do.

DR. GITTELL: We have -- we are asking for an Amendment to the P&S. So we still have the, you know, Purchase and Sales Agreement.

CHAIRMAN CAMPBELL: Right. That's what I'm asking. Can that P&S be amended and a copy provided us in that time period? The Amendment.

DR. GITTELL: The Amendment.

CHAIRMAN CAMPBELL: Because right now the P&S --

DR. GITTELL: Oh, yeah, the Amendment we can provide. That's what we specified. The language is in the letter that we'll have the Amendment. I wasn't clear on what you were asking Mr. Sancoff about, I apologize.

CHAIRMAN CAMPBELL: The amended P&S will be provided to us and we'll have it.

DR. GITTELL: Okay. I see. Yes.

CHAIRMAN CAMPBELL: Sorry for the misunderstanding. Thank you. Senator Stiles.

SEN. STILES: Thank you for coming in. We really appreciate face-to-face conversations.

Can you tell me -- you said you had several people in there looking at it trying to assess it. Can you tell me, is this person that's in there now going to be able to give you the information you need and how soon do you anticipate having that information?

MR. SANCOFF: Yes. The company that's in there right now is a highly-qualified major contractor in New Hampshire. They're in there assessing what it's going to take to change some of the

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systems so this problem does not reappear when we're in the building, and also to make sure that we take care of any of the spores that are still left into the building. He has been actively working on it. I was expecting to have it last week, but he was on vacation with his family in Florida so we did not get it. But we expect to have that within the next week or two weeks in our hands the complete study of that building.

SEN. STILES: When do you plan to meet with your Board again?

MR. SANCOFF: I have a board meeting on April 5th.

SEN. STILES: Thank you.

CHAIRMAN CAMPBELL: Thank you. Representative Chandler.

REP. CHANDLER: Thank you. So, at the moment, what's the status of the sales agreement? Do we actually have one or is it expired, I assume? Is there anything in place right now?

CHRISTOPHER SHEA, Budget Officer, Office of Legislative Budget Assistant: We do have one that was approved back on April 17, 2013.

REP. CHANDLER: It's still current?

MR. SHEA: That's still current. What they're asking for is an Amendment to the due diligence aspect of that.

REP. CHANDLER: Right.

MR. SHEA: So what Representative --

REP. CHANDLER: So you've agreed that we can have that?

MR. SANCOFF: Yes.

REP. CHANDLER: You can get that signed and in?

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MR. SHEA: Representative Campbell was asking that they provide an amended copy of the --

DR. GITTELL: A copy signed. Yeah, I understand.

CHAIRMAN CAMPBELL: Just so we are all in agreement.

DR. GITTELL: I understand now. I apologize.

REP. CHANDLER: I'm sorry. If I may?

CHAIRMAN CAMPBELL: Yeah, sure.

REP. CHANDLER: Who drew up the sales agreement?

DR. GITTELL: We had our lawyers.

MR. SANCOFF: Brokers.

DR. GITTELL: Brokers or lawyers, yeah.

MR. SANCOFF: Combination.

DR. GITTELL: Yeah.

REP. CHANDLER: Well, that's my point. You're looking at him and saying lawyers drew it up.

DR. GITTELL: No, but we drew it up. I mean, we drew it. I mean, it was a Purchase and Sales. It was a combination of our lawyers and our brokers that did that. Our in-house legal counsel and also our external lawyer.

REP. CHANDLER: All right. Thank you.

CHAIRMAN CAMPBELL: Senator Boutin, make a motion.

****** SEN. BOUTIN: I'll make a motion to adopt this item with the provision that the amended -- signed amended P&S by both parties be within Committee's hands within a week.

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SEN. STILES: I'll second that.

CHAIRMAN CAMPBELL: Seconded by Senator Stiles.

We have set our next meeting for Long Range and we usually, because the memberships are so close, we are going to piggy-back. So we are planning to meet again April 15th as fate would have it. So we would hope to hear from you and have you come before us then.

DR. GITTELL: Yes.

CHAIRMAN CAMPBELL: Great. Motion on the floor is Senator Boutin's motion. All in favor say aye? Opposed? Thank you.

*** {MOTION ADOPTED}

CHAIRMAN CAMPBELL: Thanks for coming in.

4. Miscellaneous:

5. Informational:

6. Date of Next Meeting and Adjournment:

CHAIRMAN CAMPBELL: With that, all that's left is the setting of the -- do we have any informational items?

SEN. RAUSCH: Got another meeting, so I'm --

CHAIRMAN CAMPBELL: Yeah, okay. So we are going to meet 3 o'clock on the 15th for Long Range and 3:30 for the Capital Budget on April 15th.

SEN. BOUTIN: Can't do that.

CHAIRMAN CAMPBELL: You can't do that?

SEN. BOUTIN: No.

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CHAIRMAN CAMPBELL: We'll redo it then. For now, Senator Boutin can't make it. Senator Boutin can do it at two o'clock?

SEN. STILES: We have Transportation.

CHAIRMAN CAMPBELL: Two o'clock. Long Range at two o'clock.

SEN. BOUTIN: Is that a Thursday?

SEN. RAUSCH: Tuesday.

SEN. BOUTIN: Oh, we have Senate Transportation in the afternoon at 1 o'clock.

SEN. STILES: He said be all right.

SEN. RAUSCH: I said three will be okay.

SEN. BOUTIN: I can't do three.

SEN. RAUSCH: You can do two?

CHAIRMAN CAMPBELL: We won't send you too many bills.

SEN. RAUSCH: Don't send me many bills and we can do two.

CHAIRMAN CAMPBELL: Just for the record. We didn't officially adjourn. But Graham was in for Rogers. Graham was the alternate for Representative Rogers. Motion by Lerandeau; seconded by Cloutier that we adjourn. All those in favor say aye?

***** {MOTION ADOPTED}**

(Meeting adjourned at 3:03 p.m.)

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CERTIFICATION

I, Cecelia A. Trask, a Licensed Court Reporter-Shorthand, do hereby certify that the foregoing transcript is a true and accurate transcript from my shorthand notes taken on said date to the best of my ability, skill, knowledge and judgment.

Cecelia A. Trask
Cecelia A. Trask, LSR, RMR, CRR
State of New Hampshire
License No. 47

