

LONG RANGE CAPITAL PLANNING AND UTILIZATION COMMITTEE

Legislative Office Building, Room 201

Concord, NH

Tuesday, April 3, 2012

MEMBERS PRESENT:

Rep. John Graham (Chairman)

Rep. Gene Chandler

Rep. Carl Seidel

Rep. David Campbell

Rep. John Cloutier (Alternate)

Rep. Christopher Nevins (Alternate)

Sen. James Rausch

Sen. Jack Barnes

Sen. John Gallus

Sen. Sylvia Larsen

(Convened at 3:30 p.m.)

(1) Acceptance of Minutes of the January 31, 2012 meeting.

CHAIRMAN GRAHAM: The time being 3:30, call the meeting of the Long Range Capital Planning and Utilization Committee together. The first order of business is the acceptance of the minutes from January 31st.

**** REP. SEIDEL**: I so move.

SEN. RAUSCH: Second.

SEN. GALLUS: Second.

CHAIRMAN GRAHAM: Been moved and seconded that the minutes be approved. Any discussion? If not, all those in favor say aye? Opposed nay? The ayes have it.

***** {MOTION ADOPTED}**

(2) Old Business:

(3) New Business:

CHAIRMAN GRAHAM: Turning to the agenda. The first order of New Business from Department of Transportation is Item 12-007.

SEN. RAUSCH: Double 07. Wow!

****** SEN. GALLUS: I move the item.

CHAIRMAN GRAHAM: Not quite that quick.

REP. CHANDLER: Second it.

SEN. GALLUS: Let's get rid of them. Put it on Consent.

CHAIRMAN GRAHAM: I like that idea.

CHUCK SCHMIDT, Administrator, Department of Transportation: Good afternoon, I'm Chuck Schmidt from New Hampshire DOT, and I have Phil Miles from the Department with me today, also.

CHAIRMAN GRAHAM: Go. Well, wait a minute. It's been moved and seconded that we approve 12-007. Are there any questions of the Department on the sale of the land in Milan?

REP. NEVINS: One question. I just took notes earlier that there's a mill foundation somewhere on the property. Are you familiar with that?

MR. SCHMIDT: Yeah.

REP. NEVINS: And it's supposedly on Parcel A which -- at least it was described that way. I don't see it marked anywhere, yet they're supposed to make sure that -- looks like a pretty good parcel, over an acre, that they have to -- do we know where it is, that old mill?

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MR. SCHMIDT: Oh, yeah.

REP. NEVINS: It's just not marked on the map.

PHIL MILES, Supervisor, Department of Transportation:
Yes.

REP. NEVINS: But we do know where it is?

MR. SCHMIDT: Yeah.

REP. NEVINS: That's fine. Thank you. That's it.

CHAIRMAN GRAHAM: Any further discussion? If not, all those in favor say aye? Opposed nay? The ayes have it. The item is approved.

***** {MOTION ADOPTED}**

CHAIRMAN GRAHAM: Second Item 12-008, extending the listing agreement for land in Chichester. We're not trying to sell it for less?

MR. SCHMIDT: No, not at this point. We just want to renew it.

****** REP. CHANDLER: I'll move the item.

SEN. GALLUS: Second.

CHAIRMAN GRAHAM: It's been moved and seconded that Item 12-008 be approved. Any discussion or questions of the Department? If not, all those in favor say aye? Opposed nay? The ayes have it.

***** {MOTION ADOPTED}**

CHAIRMAN GRAHAM: Item 12-010, sale of State-owned land in Londonderry.

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MR. SCHMIDT: All right. This afternoon we request authorization to sell an approximately 8-acre of landlocked parcel of State-owned land located near the easterly side of West Road in the Town of Londonderry by sealed bid process to the abutters with a minimum bid requirement of \$43,100, which includes an \$1,100 administrative fee, subject to the conditions as specified in the Department's request dated March 6, 2012.

CHAIRMAN GRAHAM: Any questions of the Department on this item? If not, what is your pleasure?

SEN. RAUSCH: Just a question.

CHAIRMAN GRAHAM: That's why I asked.

SEN. RAUSCH: I know, I've been thinking about this one. I'm just trying to figure out why -- I'm assuming the Department is using this piece of property now?

MR. SCHMIDT: Actually, we're using the front piece of it, not this back part.

SEN. RAUSCH: I guess my question, what is the use of the front part?

MR. SCHMIDT: It's a maintenance shed facility.

SEN. RAUSCH: And even for purposes of buffer zone and that they feel that this is okay to divest themselves of this piece of property?

MR. SCHMIDT: Yeah. We went to our internal review process and the operations folks indicated, so.

REP. CHANDLER: If I may? I just -- I guess I can't support this. I can't imagine -- I don't know whether it be 10 years, 20 years, 30 years, 40 years, someone is going to be sitting here and say we need to expand. Something is going to come up that we need to use this site for. I just

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-- I can't see why we would be selling land on an existing patrol shed. That makes no sense to me at all. I'm sorry.

MR. SCHMIDT: No.

REP. CHANDLER: Because we're going to regret it. It's like -- I mean, I'm always of the adage, maybe my good friend, the realtor from Berlin could tell you, whenever you have a chance to buy land next to you, you buy it. And the opposite, you don't sell it.

MR. SCHMIDT: Sure.

REP. CHANDLER: So I just can't support that. I'm sorry.

CHAIRMAN GRAHAM: Senator Rausch.

SEN. RAUSCH: I guess I had the same concerns. I mean, for \$43,000 if it were a landlocked piece of land that we had no interest in; but the fact that it abuts us, I guess I just have a concern going forward, too. I mean, way forward but I share that concern.

REP. CHANDLER: If I may? It more than abuts us. It's part of us. We have to subdivide it to get rid of it. Isn't even a separate parcel.

CHAIRMAN GRAHAM: I do have a question.

MR. SCHMIDT: Sure.

CHAIRMAN GRAHAM: Does the abutter have a use for it; and if so, would he be willing to lease it from us?

REP. CHANDLER: He wants to build buildings on it. What, seven more units or something?

MR. SCHMIDT: Correct.

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REP. CHANDLER: It isn't even a town use or government. It's nothing. It's part of seven more other things.

REP. CLOUTIER: Mr. Chairman, I noticed in the top sheet it said the request has been reviewed by the Department and determined that the requested area is surplus to our operational needs and interests, and I want to put a question to DOT. Are you sure you're not going to need this property 10, 20 years from now?

MR. SCHMIDT: All I can say is our operational folks who typically tend to hang on to properties have indicated that this is not in their -- in their forecasted future.

REP. CLOUTIER: All right. Even like 10 to 20 years from now or beyond. Okay. Thank you. Thank you, Mr. Chairman.

REP. SEIDEL: Has the town requested that you sell this to them so they can increase their tax income?

MR. SCHMIDT: No. No.

****** REP. CHANDLER: If I may? I'm sorry, but I just -- the abutter also is proposing a ninety -- it's not like we are telling the guy he can't use his own land for something. He's building 94 units there. He just wants seven more. I'm sorry, I just would move we do not approve Item 12-010.

REP. SIEDEL: I'll second.

CHAIRMAN GRAHAM: It's been moved that we not approve Item 12-010. Is there any discussion? All those in favor of the motion to not approve this item signify by saying aye? Opposed? Item is not approved.

***** (MOTION FAILED)**

CHAIRMAN GRAHAM: Item 12-011, and I will state that I will not participate in this because I do know the abutter

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who is trying to purchase the property in Bedford. But I will facilitate the discussion.

MR. SCHMIDT: Okay. Thank you. We request authorization to sell an approximately 0.82-acre parcel of State-owned land located on the easterly side of U.S. Route 3 in the Town of Bedford by sealed bid process to the abutters, with a minimum bid requirement of \$181,100, which includes an \$1,100 administrative fee subject to the conditions as specified in the Department's request dated March 6th, 2012.

CHAIRMAN GRAHAM: Questions of the Department on this sale of 0.82 acres in the Town of Bedford? If not, what is the pleasure of the Committee?

****** REP. CHANDLER: So moved.

CHAIRMAN GRAHAM: Been moved and --

SEN. GALLUS: Second.

CHAIRMAN GRAHAM: -- seconded that the item be approved. Is there any discussion? If not, all those in favor of the motion signify by saying aye? Opposed nay? The ayes have it and the item is approved.

***** {MOTION ADOPTED}**

CHAIRMAN GRAHAM: Item 12-012, sale of State-owned land in Plymouth.

MR. SCHMIDT: Before I begin, I want to note -- point out that there's a typographical error. The area is not 14,500. It is 2.8 acres.

CHAIRMAN GRAHAM: That's what I have.

MR. MILES: The second to last paragraph.

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MR. SCHMIDT: Request authorization to sell a 2.8-acre parcel of limited access right-of-way of Interstate 93 located on the easterly side of U.S. Route 3 in the Town of Plymouth directly to Alex Ray, LLC, the sole abutter, for \$31,100, which includes the \$1,100 administrative fee, subject to the conditions as specified in the Department's request dated March 9, 2012.

CHAIRMAN GRAHAM: Questions of the Department? Senator Rausch.

SEN. RAUSCH: I read through here. Property is that cheap up there, is that it? Two acres for \$30,000?

MR. SCHMIDT: Right. This is the -- it's landlocked and won't have access. So, yes. The appraisals, that's what they came in at.

SEN. RAUSCH: Okay.

CHAIRMAN GRAHAM: What is the pleasure of the Committee?

****** SEN. GALLUS: Move the item.

REP. CHANDLER: Second.

CHAIRMAN GRAHAM: Been moved and seconded that 12-012 be approved. All those in favor say aye? Opposed nay? The ayes have it. It is approved.

******* {MOTION ADOPTED}

CHAIRMAN GRAHAM: Item 12-013, the sale of State-owned land with improvements in Epsom.

SEN. BARNES: Mr. Chairman, if I may?

CHAIRMAN GRAHAM: Yeah.

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SEN. BARNES: I'd like to table this. I talked to the Town of Epsom this afternoon and at the town hall, a lady who handles it, has no record of receiving a notice from the Department on this. This land sits in the middle where the Odd Fellows Home is. And I contacted the Odd Fellows but the Odd Fellows haven't got back to me yet. So I'd appreciate it if we could hold this. Maybe the Odd Fellows would like to be involved. They apparently don't know anything about it either.

CHAIRMAN GRAHAM: Without objection, I will hold this till the next meeting of the Committee.

SEN. BARNES: I'd appreciate that. And if the letter hasn't gone out, maybe they misplaced it. I'm not saying they didn't --

MR. MILES: Like to speak about that if we could? Normally, we do not notify the municipality of the sale until the value is approved by Long Range. So at that point if it got approved after this meeting, it would be -- a letter would be sent to the Town of Epsom, also, the New Hampshire Housing Authority, with a 30-day period to get back to us if they have an interest in the property or not.

SEN. BARNES: Okay. And should -- should I remove my tabling motion on this so it can move along so that can happen?

MR. SCHMIDT: The town will be notified when the amount is set by this Committee.

MR. MILES: Correct.

SEN. BARNES: So then I should remove my motion.

MR. MILES: Sure.

SEN. BARNES: I'll remove my motion to table, Mr. Chairman.

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CHAIRMAN GRAHAM: All right. Go.

SEN. BARNES: As long as the town gets notified of the situation.

MR. SCHMIDT: It will. It will.

SEN. BARNES: Thank you.

MR. SCHMIDT: We request to sell an approximate 0.7-acre parcel of State-owned land with improvements located on the southerly side of Short Falls Road in the Town of Epsom by a sealed bid process to the general public with a minimum bid requirement of \$13,100, which includes an \$1,100 administrative fee subject to the conditions as specified in the Department's request dated March 12, 2012.

CHAIRMAN GRAHAM: Questions of the Department? Representative Nevins.

REP. NEVINS: Just this one. I see it's \$12,000 basically with the fee.

MR. SCHMIDT: Correct.

REP. NEVINS: But on Page 30 the contributory value there shows nineteen one. Am I missing something or did I misread it? Look on Page 30. They show you how they did that estimate.

MR. SCHMIDT: Yeah.

MR. MILES: I think ultimately, and I believe I made a mistake on this and I apologize, is that the barn is historic and it's in bad shape. So if someone was to buy this property, they're going to need to adhere to historic covenants to restore the barn or at least keep it in the way it was. And we -- it was 19,000, then we made the deduction for the cost of what that would incur.

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REP. NEVINS: Okay. That was my question. Thank you.

MR. SCHMIDT: Yeah.

CHAIRMAN GRAHAM: Any other questions of the Department? What's the pleasure -- Senator Rausch.

SEN. RAUSCH: Just with Senator Barnes' concerns. Do we need to direct the Department to make sure that they get the feedback from the town? I mean, sometimes the towns won't act within 30 days. That's my only -- to make sure that before they proceed to a general sale that they have had a town verification of where they are on this.

REP. CHANDLER: It's right in their proposal it has to be offered to them, so. If New Hampshire Housing Authority doesn't take it, the town is second.

CHAIRMAN GRAHAM: I believe Senator Barnes will make sure that they know that we've taken action on this.

SEN. BARNES: They will get a phone call if we get through in time for them to still be open, yes. If not, tomorrow.

CHAIRMAN GRAHAM: Any other questions or discussions? What's the pleasure of the Committee?

****** REP. CHANDLER: Move approval.

SEN. RAUSCH: Second.

CHAIRMAN GRAHAM: It's been moved by Representative Chandler, seconded. Any further discussion? If not, all those in favor signify by saying aye? Opposed nay? The item is approved.

******* {MOTION ADOPTED}

CHAIRMAN GRAHAM: Item 12-015, the sale of State-owned

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land in Franconia.

MR. SCHMIDT: We request authorization to sell an approximately 13 plus or minus acre landlocked parcel of State-owned land located near the northerly side of Interstate 93 in the Town of Franconia by a seal bid process to the abutters with a minimum bid requirement of \$18,100, which includes an \$1,100 administrative fee, subject to the conditions as specified in the Department's request dated March 14, 2012.

CHAIRMAN GRAHAM: Questions of the Department? I have the same one that Representative Rausch asked -- I believe it was Representative Rausch asked before, about 13 plus or minus acres for essentially \$18,000.

MR. SCHMIDT: Yes. It's a pretty rough piece of property. It drops way down, very steep slopes. Just beyond the property line's a little brook. Basically, this property is for a buffer.

CHAIRMAN GRAHAM: Any other questions of the Department? If not, what is the pleasure of the Committee?

****** SEN. GALLUS: Move the item.

CHAIRMAN GRAHAM: Is there a second?

SEN. LARSEN: Second.

CHAIRMAN GRAHAM: It's been moved and seconded that Item 12-015 be approved. Any further discussion? If not all those in favor signify by saying aye? Opposed nay? The ayes have it.

***** {MOTION ADOPTED}**

CHAIRMAN GRAHAM: Now we come to the interesting one. Item 12-019 states sale of State-owned land with improvements in Windham. You didn't even update the letter.

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Go ahead.

MR. SCHMIDT: We request the authorization to enter into a listing agreement for the term of one year with NAI Norwood Group with a real estate commission calculated on a descending scale for the sale of 11.7-acre parcel of State-owned land with buildings located at 41 Range Road, easterly side of New Hampshire Route 11 -- or excuse me, 111, just south of Searles Road in the Town of Windham for \$1,250,000, and to assess an administrative fee of \$1100 and allow negotiations within the Department's current -- Committee's current policy guidelines subject to the conditions as specified in the Department's request dated March 12th, 2012.

CHAIRMAN GRAHAM: Questions of the Department? We have heard this one before.

SEN. RAUSCH: I know.

CHAIRMAN GRAHAM: Senator Rausch.

SEN. RAUSCH: We have certainly discussed this. My only comment is, is that representing Windham, this is a high profile piece of property. So my only question is in making the decision on who to choose as the agent and looking down through the values at the different real estate entities put forth, how did you choose the Norwood Group and arrive at the 1.2 versus some of the other numbers that the real estate people have presented?

MR. SCHMIDT: Yeah. If you look at the numbers in comparison to our appraisal, they're pretty much all over. The 1.25 is, I want to say, somewhere in the middle but it's -- it reflects some of the issues with the property as far as the back portion being wet, so on and so forth.

SEN. RAUSCH: Follow-up. Do you know that the piece with the little white house right next-door, that smaller sold for 600,000?

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MR. SCHMIDT: I personally did not know that. No.

SEN. RAUSCH: And it's a small piece.

MR. SCHMIDT: Right. I would imagine that was evaluated in the appraisal, but.

SEN. RAUSCH: I guess I -- I'm just questioning. That's all.

CHAIRMAN GRAHAM: Other questions of the Department? Representative Campbell.

REP. CAMPBELL: Thank you, Mr. Chairman. As far as the commission goes, you know, I thought the Committee and DOT we established a sliding scale for real estate commissions.

MR. SCHMIDT: Right.

REP. CAMPBELL: Is that in conformance with that?

MR. SCHMIDT: That one that we used.

REP. CAMPBELL: Why is it 7% and 6% in-house?

MR. SCHMIDT: That was their proposal.

REP. CAMPBELL: You're saying -- you're saying -- but you're using ours.

MR. MILES: Correct.

MR. SCHMIDT: Yeah.

REP. CAMPBELL: They all know that or should know that; right?

MR. SCHMIDT: Yeah.

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REP. CAMPBELL: Okay.

CHAIRMAN GRAHAM: Other questions or comments on this?
If not, what is the pleasure of the Committee?

SEN. RAUSCH: I do have another question.

CHAIRMAN GRAHAM: Senator Rausch.

SEN. RAUSCH: If you have multiple individuals interested, how do you deal with that?

MR. SCHMIDT: Typically, the realtor would submit all of the proposals. We do have the realtor here today if you want to ask them direct, but that's -- we have them bring forward all offers.

SEN. RAUSCH: Would then be the Department, I'm assuming, if there are multiple offers, you accept the highest offer.

MR. MILES: The best offer.

MR. SCHMIDT: The best offer, yeah.

REP. CAMPBELL: Terms.

MR. SCHMIDT: Correct.

SEN. RAUSCH: Okay.

REP. CHANDLER: You all right?

REP. CAMPBELL: One more question, Mr. Chairman. Has the Department had any inquiries about this parcel prior to its listing?

MR. SCHMIDT: Not direct, but I think there have been some made that haven't been brought to us. Yes.

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REP. CAMPBELL: Okay.

CHAIRMAN GRAHAM: What is the pleasure of the --
Senator Barnes.

SEN. BARNES: Thank you, Mr. Chairman. I'm a country boy and I didn't understand a little bit of the last conversation. You'll have to pardon me. I heard someone say you will accept the highest offer. Then I heard from you folks the best offer. Now, what -- in your opinion, how do you guys say the best offer isn't the highest offer?

MR. SCHMIDT: Sure.

SEN. BARNES: In other words, what I heard from that is that somebody could offer \$2 million but you guys would take a million six because it's the best offer. Why would that be the best offer in your opinion? Just clear that up for me.

MR. SCHMIDT: No.

SEN. BARNES: I'm sorry, I'm a country boy and I don't understand much.

MR. SCHMIDT: We had a very similar piece several years ago in Hooksett. I'll let Mr. Miles answer that or respond to that.

MR. MILES: As far as the offer, anybody could make an offer and it's also depending on what they want to do with the property and how realistically it could be done with the zoning that's in place. And it also depends on what financing a certain buyer is using. So if they offer, you know, a very high number, but the potential use of the property is something that doesn't seem to fit, we might lean away from that where somebody may have an offer that where something is more reasonable to get town approvals and stuff like that.

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SEN. BARNES: May I ask another question?

CHAIRMAN GRAHAM: Certainly.

SEN. BARNES: That's why towns have ZBAs. How can you guys guess what a ZBA is going to do when this developer that offers the two million goes to them and works through the process with the ZBA and the ZBA might say it's okay. How can you guys make that judgment before you do it?

MR. SCHMIDT: Well, we can't. But that would be developed during the due diligence period. But in the meantime, we've signed an agreement pending that.

SEN. BARNES: I thought I heard, because it might be a lower bid you might take because in your opinion it's not going to meet the criteria of the planning board or the ZBA or whatever. But what if you guys are wrong?

MR. MILES: It wouldn't be just our opinion. We'd also be working with our realtor also as far as what we feel is best.

REP. CAMPBELL: Mr. Chairman, if I could help the Senator for a little bit. For instance, if somebody came in, said they wanted to give you two million but subject to getting approvals for one specific use. They have Best Buy. And somebody else gave you \$1.8 million and said no contingencies, cash deal, close in 30 days. You might take the 1.8. But, ultimately, I think it will be this Committee that decides anyway, wouldn't it? Wouldn't you submit all the offers that do come in or not?

MR. SCHMIDT: No.

CHAIRMAN GRAHAM: Just the one?

SEN. BARNES: It's gone.

MR. SCHMIDT: If it's within that -- the allowable

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limits of negotiation.

REP. CHANDLER: It's not -- I mean, it's not unheard of. In fact, I wouldn't say it's common; but my good friend, the realtor from Berlin, can tell you. I mean, it's not uncommon to accept an offer sometimes that's less than the highest price. That's not uncommon at all. There are many things that enter into an offer. Price is just one of them. Very important one, obviously, but there are many other things. Like can the person financing it, is he able to get the money? I mean, that's the key thing. Some people come in on a shoe string and try to hold the property up and then go try to find investors. They can tie it up for six months just while they're trying to find someone to buy it as opposed to someone that's willing to pay \$100,000 less but's got the money right off, so.

SEN. BARNES: Gene, I hear what you're saying -- if I may, Mr. Chairman -- but the State's going to determine whether I can get financing or not? How are they going to determine whether I can get financing.

REP. CHANDLER: The broker will. That's why we hire a real estate broker.

SEN. BARNES: Okay.

REP. CHANDLER: That's the biggest reason we hire her.

SEN. GALLUS: Might be if they're a veterans recreation area.

SEN. BARNES: Or might be a Red Sox rest stop.

SEN. GALLUS: That's right. And then we discount it to 500,000.

CHAIRMAN GRAHAM: Let's get back. What is the pleasure of the Committee?

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****** REP. CHANDLER: I move we approve it, unless you want to make the motion.

SEN. GALLUS: Second.

REP. CHANDLER: Want to stay away from that?

CHAIRMAN GRAHAM: Been moved and seconded that we approve Item 12-019. Any further discussion? All those in favor say aye? Opposed nay? The ayes have it.

***** {MOTION ADOPTED}**

CHAIRMAN GRAHAM: Without objection, as long as Mr. Schmidt is sitting there, I'll move bring up Item 12-009, transfer of State-owned land in Bartlett.

SEN. GALLUS: Where?

MR. SCHMIDT: Today we request the authorization to transfer six plus or minus acre parcel of State-owned land with improvements, owned by the Department of Transportation, located on the easterly side of Bear Notch Road in the Town of Bartlett, to the Department of Resources and Economic Development at no cost, subject to the conditions as specified in the Department's request dated March 6, 2012.

CHAIRMAN GRAHAM: Questions of the Department? Representative Chandler.

REP. CHANDLER: No, it's not a question. It's a comment.

CHAIRMAN GRAHAM: Okay.

REP. CHANDLER: I will lead them now or after discussion when we table this. You want the motion first or discussion first? Which would you like?

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SEN. LARSEN: You can't discuss it if we table it.

CHAIRMAN GRAHAM: Yeah, do the motion. We've been doing it any way.

****** REP. CHANDLER: I will -- the question I have is -- and not that the Department is required to let the town know, but in this case we didn't know that this was happening, other than I spoke with Mr. Gamache last week who informed me that the way -- I don't know his exact words. At some point they were going to do this. The Town has an interest in this because quite a few years ago when they first started snowmobiling up there, this was open to the public for people to come park their snow machines. That was fine. They could go skiing up there, snowmobiling. Recently, with the boom of the industry, we have three rental companies located within the Town of Bartlett, all whom fight amongst themselves and us, too. But -- and now they're all using this area up there. What's happening is most of those companies all have between 20 and maybe 40 machines that they go up and park there and members of the public can't use it hardly anymore. And they're particularly hostile to some of them. So it is a real concern. It's a commercial -- what's gone from a recreational use is now a commercial use. I'm not sure that's what the State should be in for use, whether it be -- the town, we were going to come to DOT to question that anyway, and now that it's going to be DRED. I understand and I talked to Chris Gamache and that's why I'm surprised you moved ahead a little bit to see if there were going to be any parameters of what they were going to do. I guess I would just request that you table it and if you want to ask questions, that's fine. Then I can speak with Mr. Gamache to see what they plan on using it, same usage or not. I don't know; but anyway, that would be my request.

CHAIRMAN GRAHAM: Your motion is to table it till our next meeting?

REP. CHANDLER: Yeah, that's fine.

REP. CAMPBELL: Second.

CHAIRMAN GRAHAM: Any discussion on that? If not, all

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those in favor of tabling it till our next meeting say aye?
Opposed nay?

***** {MOTION ADOPTED}**

CHAIRMAN GRAHAM: We'll bring it up at the next meeting.

Going back sort of in order. Item 12-014 from the Department of Administrative Services. Don't go. We've got one more.

MR. SCHMIDT: Yep.

MICHAEL CONNOR, Director, Bureau of Plant and Property Management, Department of Administrative Services: Mr. Chairman, fellow Members of the Committee, for the record, my name is Mike Connor, and I work for the Department of Administrative Services where I serve as Director of Plant and Property Management. I'm here today to seek your approval of a 13-month license for use agreement with the City of Laconia to utilize a five-acre piece of State-owned property called the Hank Risley Field. The field is part of the land formerly utilized by the Department of Corrections as a correctional facility. The field is adjacent to the Robbie Mills baseball field. It is used by the City of Laconia for parking for athletic events.

The license for use is set to terminate in May 2013, which is the date established by the Legislature under Laws of 2010, Chapter 224:80, to sell the property, including this field. The City has been leasing the field for this purpose for the last 14 years. Under the terms of the license of use the City of Laconia is fully responsible to maintain the field and for restoring it to its current condition at the term of the agreement. I'd be glad to answer any questions that you may have.

CHAIRMAN GRAHAM: I do have one. Why are we not going to then charge them anything if they're already leasing

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part of it, why don't we charge them to use the rest of it for parking in the rest?

MR. CONNOR: I hate to give you this answer but I will, only because that's the way it's been since 1998. That was part of a sublet agreement. There were several, two or three other 99-year leases that took place at that particular time and was part of Corrections. This was just extending that -- those license for use leases that were put back then.

CHAIRMAN GRAHAM: Representative Rausch. I mean, Senator Rausch.

SEN. RAUSCH: Thank you, Mr. Chairman. Maybe someone has a better recollection than I do, but isn't this the piece of property that the State put in significant dollar amounts because of the prison and wasn't this the piece of property that we had a lot of sometimes heated discussions over?

REP. CHANDLER: That was the Robbie Mills Park.

CHAIRMAN GRAHAM: That was the ball field.

REP. CHANDLER: We did spend a lot of money on that.

SEN. RAUSCH: Okay.

CHAIRMAN GRAHAM: This is parking for that.

SEN. RAUSCH: So after all the money we now just let them have the land with --

REP. CHANDLER: Not unless we vote that way.

SEN. RAUSCH: Oh.

SEN. LARSEN: Well --

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CHAIRMAN GRAHAM: Representative Campbell.

REP. CAMPBELL: Thank you. Mike, would you tell us what the status of the overall sale of the property is or how that is proceeding?

MR. CONNOR: Yes. We have actually sent a -- by law, we are required to send them an offer for \$10 million which we actually sent out last week to them and offered to the buyer for 10 million. So we are waiting to hear back their response. We haven't heard officially from them. We've read in the paper what they're, you know, different ideas that they're looking to do.

REP. CAMPBELL: Buyers who?

MR. CONNOR: The City of Laconia.

REP. CAMPBELL: The City. The City wants to buy it for \$10 million?

MR. CONNOR: No. That would be great.

REP. CAMPBELL: I see, making you going through the process. I understand.

MR. CONNOR: By law, we are actually required, that's what it says, to offer them to buy it for \$10 million. And we have had a couple of appraisals. One that was done by their folks that came in a little less than 2 million. Ours came in at 2.1. So that's the status. They did have a meeting a few weeks ago, a Vision meeting that they had. There was some discussions there. Senator Morse actually notified them that \$10 million, there might be some room for movement there. He wanted to see some discussion. I'm stating you the facts and it was in the paper, too. I happened to be there. But the law is very clear right now. It's \$10 million and that's what we are following.

If we don't get an offer by June, then the next step

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is to offer it to the County for the market -- fair market value of the property. And then if they don't move with that, then to actually put it out on the street to see what developers may or may not.

REP. CAMPBELL: Follow-up question, please. Does the City have any interest at the \$2 million number?

CHAIRMAN GRAHAM: Ten.

REP. CAMPBELL: At the 2 million.

MR. CONNOR: We haven't heard anything officially from them whatsoever. We're anticipating some sort of response.

CHAIRMAN GRAHAM: Senator Barnes.

SEN. BARNES: Thank you. Should we be doing this until we know about the sale? We did a lot of talking about this in the Finance Committee when this was going forward, and Senator Forrester has been on a group that's been working on this since she talked to us -- I think last Thursday at the Committee about what was going on with this. And I heard a very stupid figure, in my opinion, coming back from Laconia's going to offer. But that's not public yet, 'cause it hasn't been received. But I guess she heard about it. She was going out with somebody else to tour the buildings to see about the asbestos removal, the cost for asbestos and all that has been in question by the City, and I think Senator Forrester's husband, perhaps, is in the business and he was going to do a little bit of looking to get some sort of a shot at it. And I know we were up there. We toured the place. We saw the ball field, which is terrific. Great ball field up there. But I wonder if we should be moving on this until we know about a sale. 'Cause a sale I thought was the whole darn thing, including our ball field.

MR. CONNOR: It does include it. We do have a provision in this contract for 30-day out. So should something move, we could certainly get out of that. There

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is a provision in this license for use.

SEN. BARNES: If I'm the City of Laconia, there's two things I want. I want that pond and I want that baseball field. I want two pieces of that property. The rest of it I don't want any part of. I don't need it. So if we cut a piece of that out before we go, I think we're hurting ourselves in the long run but maybe I'm wrong.

CHAIRMAN GRAHAM: Senator Gallus.

SEN. GALLUS: Thank you, Mr. Chairman. Mike, could you refresh my memory? What was the tax valuation of that property? It was much greater.

MR. CONNOR: The entire piece of property on their records? Close to 25 million. That was the assessment. Not the appraisal but the assessment.

SEN. GALLUS: Well, we'll take 25.

SEN. BARNES: It's a nice piece of property.

SEN. GALLUS: It is a nice piece of property.

REP. CHANDLER: And I agree with you, Senator Barnes. I mean, the other issue that I have, I'll be right out front because I called immediately after reading in the paper that Laconia was getting a grant to do an environmental assessment. They were going go ahead with it. I called and said they don't own it. They can't go ahead and just do something.

MR. CONNOR: Sure.

REP. CHANDLER: Everything you hear, you don't hear back, but it's in the paper what they're going to do. And I think they're down to a dollar now. But they decided a dollar would be fair because, I don't know, it's just crazy.

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CHAIRMAN GRAHAM: Senator Larsen.

SEN. LARSEN: I mean, because some of us have been around here long enough that I sat through the hearings on this when we were trying to resolve the Laconia prison, this was part of the trade-off to the City of Laconia when Laconia had a prison and the people were moved into that facility. So there was an agreement to allow them to have these fields. The fact that we heard there's a 30-day out in the contract, you're basically talking about some fields that are going to be used for and they have been upgraded by the City. You're talking about these fields that are going to be used for ballpark until such time as the property is sold. The likelihood that it's going to be sold before May 10th of 2013 is questionable. But the fact that there's a 30-day out means at some point if it were to be sold, the City could be informed that they couldn't use the ball fields or the parking. But, to me, I think everyone knows the demand for ball fields, this is a use that can continue until the property sells and then have 30 days to get out of there. So, to me, it makes sense to do this.

REP. CAMPBELL: Thank you, Mr. Chairman. I have no objection to a 13-month lease if there's a 30-day out. It's not going to be a detriment to the sale of the property. If somebody comes in there, we kick them out. So that's not going to hurt the sale. As far as the sale goes, if it kicks down to \$2 million, it's possible it will sell in the next 13 months. That's a pretty good price. But at least this lease wouldn't hurt it. And, you know, you're talking about, not the City of Laconia, you are talking about kids playing ball in a wide open area. I mean, I think it's something we should probably look at.

My other question was if the City of Laconia, rightly or wrongly, got a grant to do an environmental study, shouldn't we let them do it and enter the property if it's on someone else's nickel rather than ours or potential buyers?

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MR. CONNOR: That's the million dollar question.

LINDA HODGDON, Commissioner, Department of
Administrative Services: A couple of additional pieces.
My understanding is that grant is for \$40,000 and it's for
one particular building that they had an interest in. The
Block building.

REP. CAMPBELL: Not the whole site.

MS. HODGDON: Administrative Services has a capital
appropriation for \$300,000 to do Phase II assessment. So if
they did the \$40,000 assessment on the Block building,
hopefully, the additional work that the State would need to
do for the Phase II assessment would be less. Because we
would wrap around that. We've been told by several
developers that they wouldn't touch this property without a
Phase II assessment being done. It would be nice to sit
down with Senator Forrester and have a conversation with a
number of legislators because there's so many moving pieces
to this. Administrative Services would really appreciate
that. I'd love to facilitate that kind of meeting so we
can do that to make sure that that's the right choice,
'cause we don't want to misstep. But I do think the Phase
II assessment is probably a good thing for us to do to take
it to the next step.

The other piece we haven't talked about that I want to
make sure that folks continue to kind of keep on your radar
screen is the Designated Receiving Facility. It's also on
this property. So if we were to sell this property, we need
to talk about moving the Designated Receiving Facility and
what would that cost be? And I've heard some figures that
wipe out this \$2 million that you're talking about getting
for this property. So that needs to be part of the larger
discussion is that in the best interest of the State?
Remember, there's a lot of capital dollars that have been
talked about for these buildings over the years that we
haven't been spending with the exception of -- I think
there's about three or \$500,000 in the present capital

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budget to do some roof work there.

MR. CONNOR: Correct.

MS. HODGDON: We find of feel like we need your permission to tell us if we should just let these buildings crumble. Because on one hand we have folks say to us, "What are you doing not taking care of the buildings?" And on the other hand we have people saying, "Why are you taking care of the buildings?" So it would be good to get a common message if we were going to retain the property about not taking care of the buildings or funding taking care of the buildings. 'Cause that's an avoided capital cost if you get rid of it.

REP. CHANDLER: If I may? It's still the same.

CHAIRMAN GRAHAM: Senator Barnes.

SEN. BARNES: I heard what you said over there, Representative, and I see it's for 13 months. If we turn this down, what does that do to that team that's in the league? That will put them out of business for the year, wouldn't it?

MR. CONNOR: They won't have any parking. It's a semi-pro league that actually uses that.

SEN. BARNES: The Muskrats.

MR. CONNOR: The Muskrats. Yes, thank you.

SEN. BARNES: It's a collegiate league. So I don't think we want to stop. In fact, there might be a future Hall of Famer there.

REP. CHANDLER: They don't need much parking.

CHAIRMAN GRAHAM: We are getting a little far extreme here.

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SEN. BARNES: Might be selling for the Red Sox. If we sell this property down the road, it's only in May of '13 we can say sorry, you guys, you can rent this.

SEN. LARSEN: Before then because there's a 30-day out.

REP. CHANDLER: The problem is -- not the problem. The issue is, depending on the use of the property, some of those buildings have a lot of value, because they aren't in bad shape. Now, if depending on the use, they may not be of any value to anyone. Once again, depending on what the use might be, they are in good enough shape and they're single span. They're just perfect for storage, equipment, all kinds of things.

CHAIRMAN GRAHAM: We are getting a little further afield from, no pun intended, on the item in front of us. What is the pleasure of the Committee on this specific lease?

**** SEN. LARSEN: Move approval.**

SEN. BARNES: And I'll second it.

CHAIRMAN GRAHAM: It's been moved and seconded that the item be approved. Any further discussion on the item? All those in favor say aye? Opposed nay?

REP. CHANDLER: No.

CHAIRMAN GRAHAM: The ayes still have it.

***** {MOTION ADOPTED}**

REP. CAMPBELL: Mr. Chairman, understanding it's not on our agenda, maybe at some point at the end of the meeting or some point we should discuss this building a little bit more, perhaps, with Administrative Services since they are

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here. Because they are looking for direction. And I think we are the Committee that has to give them some. So, I mean, can we have a five-minute conversation on it at the end of the meeting?

CHAIRMAN GRAHAM: For those who want to stay, yes. Don't runaway, Mr. Connor. I do have a question while you're sitting there because it has to do with when we schedule the next meeting of this Committee. Tell me where we are on the Keene courts?

MR. CONNOR: We are right -- we are working very diligently to try to close that deal. The folks in Keene have received approval, all the financing approvals that they need. As part of that process, we had to increase slightly the cost. So we feel that we need to come back to you because it's a different number than what we came back to you originally with. Not substantially different, I think it's 29,000, but there is an increase. We are hoping to have the actual documents tomorrow. That's what we are told. So we're looking in trying to get that to next Governor and Council, if we can. If we could possibly get a meeting from Long Range sometime in early May, that would be great so that we could keep that project moving along. Because it's a great project for the State, a really low cost solution to the courthouse there. Courthouses.

CHAIRMAN GRAHAM: All right. Thank you. That -- wanted you all to hear that so if you hear there's a meeting early in May that's probably going to be the reason cause we do want to proceed this. Get this court up and running as quickly as possible, but I wanted you to hear that.

MR. CONNOR: Thank you.

CHAIRMAN GRAHAM: Thank you, Mr. Connor.

REP. CAMPBELL: No one has to wait around. Maybe we'd be better if we just put the Laconia discussion on the agenda for the next meeting so everybody can be prepared.

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Is that okay with the Chair?

CHAIRMAN GRAHAM: That's fine with me, because it is the long-term what we're going to do.

REP. CHANDLER: We had a couple meetings that we need to -- I guess we need to get together.

SEN. BARNES: Mr. Chairman.

CHAIRMAN GRAHAM: Senator Barnes.

SEN. BARNES: Just a second. There is a Committee -- I believe it's a Committee that Senator Forrester is on that should be brought into the discussion if we're going to -- they have done a lot of work on this over the last year. So I don't think probably -- I think the folks around the table probably aren't aware of the work that's gone into it and what's it been there. So I would suggest before we bring it here that some of us sit down that have a real interest in this, a lot of us do, to talk to the Committee that Senator Forrester is on and get updated to see what's going on.

CHAIRMAN GRAHAM: Okay.

SEN. BARNES: Because they have been working on it for about a year or more, I guess. Haven't they, Commissioner?

CHAIRMAN GRAHAM: Longer.

SEN. BARNES: So it be good to have us get an update from them.

(4) Miscellaneous

(5) Informational:

CHAIRMAN GRAHAM: I do have one other item I want to bring up for consideration by the Committee and that's Item

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12-020, Mr. Schmidt, and this is policy concerning the extension of listing agreements with real estate professionals. It was informational, but I wanted at least bring it up at this meeting so that he could explain their reason, just the last paragraph.

MR. SCHMIDT: Sure. At the January 31st meeting, this topic came up on the renewing of realtors, just for people that -- so we went back, looked at some of the records that we have and so on, so forth. A lot of the realtors that we have are doing a decent job. Just the market is driving the inactivity. So we were a little cautious in the beginning. So I want to stress I think it should be a case-by-case basis. But as a generic overall policy, the one we had put together that I think would give us fresh values periodically was the first one being a one year, and then two subsequent six-month renewals, and then we would go back out for a market analysis and see what the values are.

I would like some flexibility built back into that because, as an example, some of the properties in Troy or Hillsborough where the market is very slow and sluggish, it's nothing that the realtor's doing. It's just the fact of life, you know. So with that said, that's the general concept of what we had envisioned.

CHAIRMAN GRAHAM: I would ask that you bring this forward as an action item on the next meeting so that we can approve or disapprove --

MR. SCHMIDT: Okay.

CHAIRMAN GRAHAM: -- any changes to the policy. But I wanted everybody to know where the Department is headed in thinking on this so you can think about it. Anything else to come before this Committee?

** SEN. BARNES: Move to adjourn.

CHAIRMAN GRAHAM: Move to adjourn. Seconded?

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REP. CAMPBELL: Second.

CHAIRMAN GRAHAM: All in favor say aye? We're adjourned till the call of the Chair.

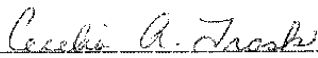
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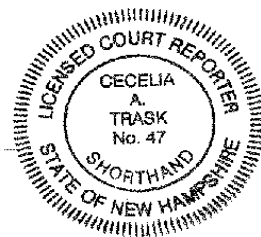
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CERTIFICATION

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



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