

**LONG RANGE CAPITAL PLANNING & UTILIZATION COMMITTEE**

Legislative Office Building, Room 201

Concord, NH

Tuesday, August 6, 2013

**Members Present:**

Rep. David Campbell, Chair

Rep. John Cloutier

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 (Office of the Governor)  
Michael Connor (Dept. of Administrative Services)

(Convened at 11:31 a.m.)

**1. New Business:**

CHAIRMAN CAMPBELL: Okay. We are going to open the Special Meeting of the Long Range Capital Planning and Utilization Committee. We have a Special Meeting Agenda which has gone out to everybody, and we have two items; the first item, the reason to call the meeting, to start with the Community College System of New Hampshire. Hi.

(Senator Stiles enters the committee room.)

CHAIRMAN CAMPBELL: Call the meeting to order. And first item is LRCP 13-033, Community College System of New Hampshire. Shannon, you're here. I see the Chancellor and Finance Director are here. Who's --

DR. ROSS GITTELL, Chancellor, Community College System of New Hampshire: Okay. Good morning.

CHAIRMAN CAMPBELL: Good morning.

DR. GITTELL: We are here, the Community College System of New Hampshire, to request to move the expiration date of the due diligence period of the purchase and sale agreement with Juliet Marine for the purchase of the Stratham property of the Community College System, to change the period from -- extend out from August 13<sup>th</sup>, 2013, to extend it to the end of the calendar year to December 31<sup>st</sup>, 2013.

As you know, the due diligence period enables the buyer to perform investigations related to the property. In the course of the buyer's investigations, facilities upgrade needs were identified beyond those that had been anticipated by the buyer initially. The buyer wishes to continue forward with the purchase and this additional time is needed to address the needs that have been identified with regards to addressing some of the concerns at the property as it is. The closing date would change to no later than January 30<sup>th</sup>, 2014. So it will still fall within the same Fiscal Year as originally established for the closing to take place.

The Community College System remains actively engaged with the buyer, with Juliet Marine, and remains very positive about the outlook and the prospects for the company moving into the facility, and the economic and job creation impact of this company moving into New Hampshire and occupying that facility. We're here because it's our desire to accommodate this request from the buyer. We feel that this sale is in the best interest of the Community College System of New Hampshire, and also for the State of New Hampshire. We continue, as I said before, to be regularly in contact with the buyer who is very interested in completing the purchase of the property, wants to have his facility in New Hampshire, and we are working on a regular basis with the -- with Juliet Marine to try to make this happen. And we are here to request the extension of the due diligence period given these circumstances.

**LONG RANGE CAPITAL PLANNING & UTILIZATION COMMITTEE**

**August 6, 2013**

CHAIRMAN CAMPBELL: And the closing date.

DR. GITTELL: And closing date, yes.

CHAIRMAN CAMPBELL: Questions? Yes, Senator Stiles.

\*\* REP. STILES: Not a question. I would move the adoption of extending the date. I have been in communication with both the selectmen and Community College and the business and everyone is on the same page.

REP. GRAHAM: Could we ask questions first?

CHAIRMAN CAMPBELL: Senator Stiles moved. Is there a second?

SEN. BOUTIN: Second.

CHAIRMAN CAMPBELL: Second by Senator Boutin. Discussion? Questions?

REP. GRAHAM: Yeah. When you said that the firm had identified some needs, is that a precursor to them coming back saying that they want to lower the purchase price on us or what?

DR. GITTELL: They haven't requested that. They just want to make sure that the property could accommodate their purposes. And that when they move on the property it will be a perfectly safe property, that they won't be subject to liability concerns. And they're truly doing their due diligence and making sure when they do occupy the building that it's a safe facility, it's a good community resident and they're very -- you know, this is a very significant investment, not only of the property for Juliet Marine, but also to establish the business there, and to employ significant numbers of people. So they're doing -- I've been impressed by their diligence to date. And they came back. If I was on their Board, I'd be asking the same

**LONG RANGE CAPITAL PLANNING & UTILIZATION COMMITTEE**

**August 6, 2013**

questions and request that period. So they have not asked to re-negotiate the price, and we'll take one step at a time. But we are firm now with the price that we put forward in the purchase and sales agreement.

CHAIRMAN CAMPBELL: Speaking for myself, I think that's a good thing because I think the terms were quite favorable.

DR. GITTELL: Yes.

CHAIRMAN CAMPBELL: And made more so by the financing offered by the Community College.

DR. GITTELL: Yes. I agree totally and that didn't even come up in the conversation.

CHAIRMAN CAMPBELL: Senator Larsen.

SEN. LARSEN: Is there any concern that they would somehow find an issue that would cause them to back out?

DR. GITTELL: Well, you know, there's always that concern. But, you know, it's in the best interest of the State. It's in the best long-term interest of the Community College System that we make sure that that facility is appropriate for that use. We're confident that it will go through. We are working closely with the -- with the buyer, prospective buyer. And in my personal conversations on a regular basis with the CEO and founder of the company, he is really committed to having this happen in New Hampshire. That facility has unique attributes, its location, that are beneficial to the company; but they really have to do the due diligence.

CHAIRMAN CAMPBELL: Any other questions? Any discussion among the members? Seeing none. You ready for the question? If you're in favor of passage of LRCP 13-033, vote yes; opposed say no. All in favor say aye? Opposed? Thank you very much.

**LONG RANGE CAPITAL PLANNING & UTILIZATION COMMITTEE**

**August 6, 2013**

\*\*\* {MOTION ADOPTED}

DR. GITTELL: Thank you very much.

CHAIRMAN CAMPBELL: Thanks for coming in. After we set the agenda item, we put out the word to other departments and if anything else had come up and there was something from Administrative Services and ask Mike Connor to describe the item, LRCP 13-034.

MICHAEL CONNOR, Deputy Commissioner, Department of Administrative Services: Thank you, Mr. Chairman, Members of the Committee. For the record, again, Mike Connor for Administrative Services where I serve as Deputy Commissioner. I'm here today to seek your approval for a three-year amendment to a license-for-use agreement for Concord Steam to utilize our building and boiler plant located at Governor Hugh Gallen Office Park in Concord. Concord Steam uses that plant to deliver steam to many customers, including 28 of our State-owned buildings here; basically a utility.

Just to give you a little background, the State entered into a 30-year lease with Concord Steam back in 1980 when they relocated their location off of Storrs Street. That 30-year lease ended in 2010. At that particular time, Concord Steam was and actually still is looking to build a new plant in the south end of Concord. That never came to be. And three years ago we set a short-term license-for-use agreement in place because it was so tentative. It's three years later. Now we are looking for an amendment. I felt it was important for me to move forward to you folks because it's starting to feel like a lease because it's just going, and going, and going.

So I'm here today to request an extension to that three-year extension. We have a 120-day clause within that extension. Should we decide to get out of that, we would need

**LONG RANGE CAPITAL PLANNING & UTILIZATION COMMITTEE**

**August 6, 2013**

all of that if we were to try to move from or if we were to decide to do that, but just looking for a three-year extension. Hopefully, that will give them enough time to decide what they're going to do. They're either going to have to build a new plant or make some significant investment in the current plant. So that's why I'm here today. I'd be glad to answer any questions.

As far as the rate goes, we didn't increase the rate. We left it at current rate. It was in the license-for-use. We have some concerns about the stack that's there. We want to make sure that they did conduct an engineering study and be responsible for any repairs that might happen. We couldn't anticipate any, but we need to protect that asset and reduce our potential liability. We use that to actually bring in revenue to the state. We rent -- there are some cell towers on that stack. We bring in about \$25,000 a year for revenue on that. We share that with Concord Steam right now so we want to make sure we're protecting that asset, so glad to answer your questions.

CHAIRMAN CAMPBELL: Yeah, I got one question. The mothball of what the Governor's Budget put in and you took out because --

MR. CONNOR: For this reason.

CHAIRMAN CAMPBELL: -- was about \$280,000 to cost the State to mothball. So 300,000 in, 280 out, at least we'll cover the cost when we do need to mothball.

MR. CONNOR: Yes.

\*\* SEN. LARSEN: Move approval.

SEN. BOUTIN: Second.

REP CLOUTIER: Question.

**LONG RANGE CAPITAL PLANNING & UTILIZATION COMMITTEE**

**August 6, 2013**

CHAIRMAN CAMPBELL: Senator Larsen moves and Senator Boutin seconds. Okay. You're recognized.

REP. CLOUTIER: Thank you, Mr. Chairman. On the -- the first page at the bottom, second paragraph, you said something about the Department is submitting the amendment concurrently with CORD to review at its next meeting. Has CORD acted on this item yet?

MR. CONNOR: They have not. That will be something that they'll take up at the next meeting. They didn't feel it was necessary to schedule a new meeting. I can't see that they're going to make any change in this. And that if they decide to do something different, there'd be -- it would disrupt the whole damn town. So it's nothing new and not looking -- just basically status quo to move forward. We do have it on their agenda.

REP. CLOUTIER: Okay.

MR. CONNOR: The reason for the lateness, it's basically even up to last week we were still meeting with Concord Steam and the City to talking about a potential deal so it's still very liquid. So we are up at the end of the month. So I appreciate the opportunity to bring it here today. We needed to move forward and continue service.

REP. CLOUTIER: Follow-up. When is the next meeting?

MR. CONNOR: Well, it was -- Jared Nylund, he's whispering in my ear basically saying that they may be trying to bring a special meeting together before G&C. We are planning to bring this to Governor and Council on the 14<sup>th</sup>. We didn't want to have a break in service. And initially, I wasn't planning on having a meeting, but now that I guess they're going to try if they can get a quorum on Friday bring something together.

REP. CLOUTIER: One final question. So CORD did support

**LONG RANGE CAPITAL PLANNING & UTILIZATION COMMITTEE**

**August 6, 2013**

this initially then; correct?

MR. CONNOR: They did. They did three years ago.

REP. CLOUTIER: Okay. They did. Thank you. Thank you, Mr. Chairman.

CHAIRMAN CAMPBELL: Further questions? Any discussion? Seeing none, we'll move on Senator Larsen's motion. All those in favor say aye? Opposed? The item passes.

**\*\*\* {MOTION ADOPTED}**

CHAIRMAN CAMPBELL: Those were the two items we had for our Special Meeting. Representative Graham.

REP. GRAHAM: I have a couple questions of Admin Services, with your indulgence.

CHAIRMAN CAMPBELL: Sure. Mike, do you mind staying in the hot seat for a minute?

REP. GRAHAM: He can sit there; wherever you want.

CHAIRMAN CAMPBELL: Wherever you want.

REP. GRAHAM: While we don't have any overview of this particular item at this Committee, can you briefly tell us where we are in the Laconia property?

MR. CONNOR: Laconia property really status quo. The 224:80, I believe, basically and then we had Senate Bill 19 that didn't make any changes. So our contract by law has terminated with the broker that we had hired. I believe it was May what the law said. So we are just sitting here. If anyone brings an offer forward -- we get an offer for \$10 million, we'll probably jump at that. But short of that, we are not at this

**LONG RANGE CAPITAL PLANNING & UTILIZATION COMMITTEE**

**August 6, 2013**



particular point actively soliciting the property, although we'll always entertain some offers.

CHAIRMAN CAMPBELL: Further question.

MR. GRAHAM: And different subject.

CHAIRMAN CAMPBELL: Sure, different subject.

REP. GRAHAM: I appreciate that update because I think everybody at this table is one way or another concerned about that piece of property.

MR. CONNOR: Yeah.

SEN. RAUSCH: I like his answer.

REP. GRAHAM: One way or the other, Senator.

MR. CONNOR: Well put.

REP. GRAHAM: Last term we passed a law that said every agency was to provide to Admin Services a listing of real estate with encumbrances on the property if there were any. Where are we on that list?

MR. CONNOR: That's complete. I believe it's been posted on the website. If you don't mind I can bring Jared up, actually did that. Jared Nylund. He's our Property Manager. If -- could you just provide --

REP. GRAHAM: The real question, was there any agencies that -- any agency didn't complete their task?

MR. CONNOR: Believe there are a few but go ahead.

JARED NYLUND, Real Property Asset Manager, Bureau of Plant

**LONG RANGE CAPITAL PLANNING & UTILIZATION COMMITTEE**

**August 6, 2013**

and Property, Department of Administrative Services: Jared Nylund, Real Property Asset Manager for Administrative Services. There's one agency, one significant agency that has not reported and that's Corrections. There are other small agencies that have smaller holdings that have not participated. In many cases, it's just a single leased office or something like that. I'd say participation is probably better than 50%, that we got all the significant agencies.

REP. GRAHAM: If I may? That wasn't the point of the law. The law was all the agencies. So if somebody could provide, at least me, and I'm not sure anybody else, a list of those agencies that have not complied, I would appreciate it.

MR. CONNOR: Sure.

CHAIRMAN CAMPBELL: Send to members of the entire Long Range Committee, we appreciate it.

MR. CONNOR: Sure.

CHAIRMAN CAMPBELL: We could gently remind them there was inquiries made.

REP. GRAHAM: The prime sponsor of the bill.

CHAIRMAN CAMPBELL: But by the Legislature, legislative committee to comply with it, be nice. And we will take a look at that website. I mean --

MR. CONNOR: We can provide that to you.

CHAIRMAN CAMPBELL: Bring to the next meeting if you didn't copy.

MR. CONNOR: We can provide that to your Committee.

**LONG RANGE CAPITAL PLANNING & UTILIZATION COMMITTEE**

**August 6, 2013**

CHAIRMAN CAMPBELL: Yes, Senator Boutin.

\*\*\* SEN. BOUTIN: Move to adjourn.

REP. CLOUTIER: I'll second that motion.

CHAIRMAN CAMPBELL: Okay. All those in favor say aye? We are adjourned.

{Adjourned at 11:47 a.m.}

LONG RANGE CAPITAL PLANNING & UTILIZATION COMMITTEE

August 6, 2013

## 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  
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