

**LONG RANGE CAPITAL PLANNING AND UTILIZATION COMMITTEE**

Legislative Office Building, Room 201

Concord, NH

Wednesday, June 21, 2017

**MEMBERS PRESENT:**

Rep. Gene Chandler, Chair

Rep. John Cloutier

Rep John Graham

Rep. Mark McConkey

Rep. David Danielson

Sen. Regina Birdsell

(The meeting convened at 9:42 a.m.)

**(1) Acceptance of Minutes of the May 16, 2017 meeting.**

GENE CHANDLER, State Representative, Carroll County,  
District #01: We'll commence the Long Range Capital Planning and Utilization Committee meeting. The first item the acceptance of Minutes of the May 16<sup>th</sup> meeting.

**\*\* JOHN GRAHAM, State Representative, Hillsborough County,**  
**District #07:** So move.

REP. CHANDLER: Senator Graham moves.

REGINA BIRDSELL, State Senator, Senate District #19:  
Second.

CHAIRMAN CHANDLER: Second by Senator Birdsell to accept the minutes. Any questions or discussion? If not, all those in favor say aye? Opposed? Motion carries.

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

**(2) Old Business:**

**(3) New Business:**

CHAIRMAN CHANDLER: Number 17-011, Department of Environmental Services, approve a ten-year lease, et cetera, et cetera. Someone here? Step right up somebody. Bring your own chair. That's good. Thank you. Okay. Yes.

SUSAN CARLSON, Chief Operations Officer, Department of Environmental Services: Good morning, Mr. Chairman. For the record, my name is Susan Carlson with the Department of Environmental Services. With me is Keith Dubois, the Assistant Director of the Waste Management Division, and we're here to answer any questions you have on this lease.

CHAIRMAN CHANDLER: Do we have any questions? Yes, Representative Cloutier.

JOHN CLOUTIER, State Representative, Sullivan County, District #10: Yes. This -- in this item, this limited partnership, where are they based in? Where's their location?

MS. CARLSON: Pease Tradeport.

REP. CLOUTIER: Pease Trade. So they're -- excuse me. Follow-up, Mr. Chairman.

CHAIRMAN CHANDLER: Further.

REP. CLOUTIER: They a New Hampshire company, in other words?

MS. CARLSON: Yes.

REP. CLOUTIER: Okay. All right.

REP. CHANDLER: Any other questions?

**\*\*** REP. GRAHAM: Move acceptance.

CHAIRMAN CHANDLER: Representative Graham --

SEN. BIRDSSELL: Second.

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CHAIRMAN CHANDLER: -- moves we approve item 17-011, seconded by Senator Birdsell. Are there any further questions or discussions? Seeing none; all those in favor? Any opposed? Motion carries. Thank you.

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

CHAIRMAN CHANDLER: Next item 17-013, Department of Health and Human Services, ten-year lease in Nashua. Good morning.

DAVID CLAPP, Director of Facilities, Department of Health and Human Services: Good morning. David Clapp from the Department of Health and Human Services, Director of Facilities. I'm here to answer any questions you have on a proposed lease for our Southern D.O., District Office.

CHAIRMAN CHANDLER: Okay. Any questions of Mr. Clapp on item number 17-013? Seeing none? What's your pleasure?

\*\* REP. GRAHAM: Move approval.

SEN. BIRDSELL: Second.

REP. CHANDLER: Representative Graham moves, Senator Birdsell seconds, approval of item 17-013. Any questions or further discussions? If not, all those in favor say aye? Opposed nay? The motion carries.

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

REP. CHANDLER: Thank you very much.

MR. CLAPP: Thank you.

(4) **Miscellaneous**:

CHAIRMAN CHANDLER: Okay. We have a late item, number 17-014, sale of State-owned land in Sunapee. Okay. Any questions of the Committee? Any questions? No? No questions. Okay.

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\*\* SEN. BIRDSELL: Move to approve.

REP. CHANDLER: Senator Birdsell moves we approve item 17-014.

REP. CLOUTIER: I will second that motion.

REP. CHANDLER: Representative Cloutier seconds the motion. Any questions or further discussions? If not, all those in favor say aye? Opposed? Motion carries.

\*\*\* {MOTION ADOPTED}

(5) Informational:

REP. CHANDLER: We have some informational items on the status update on the liquor store in Ashland. Any questions on that item?

DAVID DANIELSON, State Representative, Hillsborough County, District #07: Any inquiries at all, Chairman?

CHAIRMAN CHANDLER: Questions? Liquor. Any inquiries at all or questions?

JARED NYLUND, Administrator, Bureau of Plant and Property, Department of Administrative Services: Oh, oh, no. No, none, sorry.

REP. DANIELSON: How about I rephrase the question, Mr. Chairman? Have there been any inquiries on the particular piece of property in Ashland that we have been tracking for over a couple years now?

MR. NYLUND: So there have been no offers, no. There was some interest. There's been no new interest since the most recent price drop in March.

CHAIRMAN CHANDLER: So the new price didn't --  
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MR. NYLUND: No, apparently not. No.

(The court reporter asked the witness to state his name.)

MR. NYLUND: Sure. I'm Jared Nylund, Real Property Asset Manager, Department of Administrative Services.

CHAIRMAN CHANDLER: That seems to be a fairly reasonable price now, but maybe -- I guess not too reasonable.

MR. NYLUND: The feedback that the Norwood Group is getting from market participants, developers, local business people, comparable listings in the area suggest that we -- we are still too high on price. We haven't -- we haven't determined exactly where it would be appropriate to move next on price. And we are actually -- we are also considering alternative strategies, such as perhaps an auction.

REP. CHANDLER: Representative Danielson.

REP. DANIELSON: Thank you. You know, the difficulty at least from my perspective having been on listening to this for a while, every time we reduce the price we're told much better now, we'll be much more competitive now. We are going to be much more competitive now. Last time we reduced our price we were told this is a real competitive price. Nothing is happening. So the question is I know it's always you're going to sell at the right price. I understand that. The issue I have is are we marketing it correctly? Do we feel we are marketing it well? Are we going after the right clients? You know, that comes back to the realtor, obviously.

MR. NYLUND: Right. Well, this is -- yes, the original approach a lot of people -- our realtor and many other people in the industry felt that because of the location that really we were looking at a national or regional chain tenants or buyers. And what we have determined over the last year is that it's -- the -- although initially there was some mild interest expressed, at least we got responses by such tenants, it

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doesn't -- it appears that no -- that they're not really interested in that exit. That they're really looking at if they are interested in moving into the area, they are interested in moving one exit up or one exit down on 93. And we didn't realize just how weak the current interest is for those types of buyers and tenants in that particular location.

So now what -- what we are starting to do, what we have been doing is beginning to look at local businesses as buyers or tenants. And as you might imagine, the competing properties that are for sale in the area are much lower priced because they don't have visibility to the highway. They're -- and they're priced to appeal to the local businesses as opposed to the national chains. So it's taken some time to really realize that and we are trying to adjust without doing too precipitous of a price drop at once. We didn't want to create an era of desperation. I realize that we probably have with the multiple price drops over the time period that it has been on the market. And so we're -- we're trying -- we're considering a lot -- we're trying to reconsider our basic approach right now, like how -- how best to get it in front of someone who might actually be interested in buying it.

REP. DANIELSON: Last.

REP. CHANDLER: Further question.

REP. DANIELSON: Thank you. Last. I understand from some of the folks that I'm familiar with who are in that business that some of those businesses today are going to medical properties. They're transitioning to medical -- breaking them down and making them medical offices, some kind of outpatient types of things. I realize that that's rural medicine up in that area. I think that's different from the down state. But can we look at, perhaps, somebody who might be looking at it from a medical perspective's offices, outpatient offices, something like that, that we could look at, as opposed to looking at retail stores?

MR. NYLUND: That -- we haven't --

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REP. DANIELSON: That's only feedback I heard from colleagues of mine.

MR. NYLUND: Sure. We haven't specifically discussed that or at least I haven't. I can't say for sure if Norwood has explored that particular sector. One of the local businesses that we have had some conversations with which, unfortunately, has appeared to lose interest, at least stop responding in recent weeks, recent months, is a local HVAC contractor so to give you a sense of the kind of local business that we have been talking to.

REP. DANIELSON: Thank you, Chair.

REP. CHANDLER: All right. Representative Graham.

REP. GRAHAM: Thank you, Mr. Chairman. It's been empty for over a year now, the building. What's the inside look like? Has anybody been -- is the wiring still there? You know, all of those types of things that the longer it sits empty, the more tempting it is for somebody to help themselves to the copper and whatever else happens to be in the building.

MR. NYLUND: I'm not personally familiar with the condition of the inside of the building, but Andrew Davis of the Liquor Commission is here.

ANDREW DAVIS, Administrator, New Hampshire Liquor Commission: Andrew Davis, Administrator of Real Estate Leasing for the New Hampshire Liquor Commission. Since the time that we vacated the store, we have kept the monitoring going. It's fully armed. We have drained -- for a while we -- for the purpose of showings we were keeping the heat and the water running. We still have the heat and the air set at minimum levels. The water has been drained. The store has been totally cleaned. We have actually left some of the fixturing in there to give the appearance of a retail entity or potential use of the property.

CHAIRMAN CHANDLER: Senator Birdsell.

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SEN. BIRDSELL: What is the advantage? You said that there was -- people are interested in the exit before and the exit after. What -- what do those two exits have that this particular one doesn't? I'm not familiar with the area.

MR. DAVIS: The exit prior to it is Exit 23, which is the exit for New Hampton. The exit after it is the exit for Tenney Mountain, not the next one. I think it be instructive to point out that those two exits are where we relocated liquor stores to.

SEN. BIRDSELL: Okay.

MR. DAVIS: We relocated our -- we put a store right at the end of the ramp at Exit 23. That store has been very successful in the time it's been there. Sales are up over 30%. We also just last year we opened a brand new store on Tenney Mountain Highway, which is the next two exits up. And we know from discussions with other businesses and business partners that are in those properties that the site that we are on in Ashland is also one of the lesser performing sites that Irving Oil has. They're our neighbor. And they, too, are -- they're experiencing challenges, a downturn in commerce. So it's, you know, we had high expectations. The visibility is phenomenal for those of you who are familiar with it. But to Mr. Nylund's point, even with the different reductions, we haven't had any real bona fide offers. We've had interest.

CHAIRMAN CHANDLER: What -- what's the percentage on our -- on the agreement? In other words, how much less? We used to build in something 10 or 20 something, don't we? I don't know. Did we on this that you can accept less than the 500?

MR. NYLUND: I believe it was 10%.

CHAIRMAN CHANDLER: So you could go to 450 if you got that. You haven't even got an offer of that.

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MR. NYLUND: No, we've had no offers.

REP. CHANDLER: Should we lower the price?

MR. NYLUND: We will certainly be considering that. We're -- we were most recently discussing exploring an auction. I don't feel like we've exhausted that yet; but if that doesn't seem like it's going to, it would make sense for us.

CHAIRMAN CHANDLER: Can we lower the price if we want to at this meeting without it being -- I don't know. Does it need to come to us?

MICHAEL HOFFMAN, Senior Budget Officer, Budget Division, Office of Legislative Budget Assistant: It would probably be better to have an item request from the Department to do that.

REP. CHANDLER: My only problem I'm thinking of timing. If by the time they get a request and lower the price, we have missed the summer. I don't -- that's -- but if you don't want -- I don't know. This isn't working. It would be good to get rid of the thing before winter.

MR. HOFFMAN: This particular item is informational.

REP. CHANDLER: Right.

MR. HOFFMAN: So I'm not sure since it doesn't require authorization, we can't really amend it.

REP. CHANDLER: Right. So we have nothing before us.

MR. HOFFMAN: Yeah.

REP. CHANDLER: We have a late item.

MR. HOFFMAN: We have a late item from Transportation.

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REP. CHANDLER: Late item today. I don't know. Why not? I don't know. If you don't want to bother, then I'm just thinking --

MR. NYLUND: We're trying -- we are trying to evaluate whether it makes sense to drop it again at this point.

CHAIRMAN CHANDLER: Right.

MR. NYLUND: And, you know, have that information out there. Gee, they have gone from 1.1 million to whatever sub 500 in the space of a year. You know, what's -- they must be really desperate. Maybe we can hang on and see if they drop it again. That's the message you don't want to send. Now, if it turns out that we can get an offer that is below our authority, we will absolutely come back for approval on that. And, you know, at some point later in the summer we may just come back for a price reduction anyway, depending on how -- whether an auction makes sense.

CHAIRMAN CHANDLER: So in the way we termed that, they don't have the original approval. Is the realtor authorized to advertise it that way or does he have to stay with the 500 and then just wait and see if someone comes in? How -- how is that? Are you authorized -- in other words, you authorized to present something or not? I don't know.

MR. NYLUND: My understanding is that -- is that our authority goes to what we can sell it, the price at which we can sell it. And so I don't -- I'm not aware of limits on marketing, but I'd say it would be kind of risky, I think, as a general practice to market it well below our authority. But if -- you know, in conversations with developers --

CHAIRMAN CHANDLER: I didn't mean below but within the 10% parameter.

MR. NYLUND: Oh, I see.

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REP. CHANDLER: Are they allowed to suggest? Obviously, if you suggest it, you're not going to get 500. But right now you'd take 450 in a heartbeat, I'm guessing. So would we. At any rate, all right. I don't know. Representative Danielson.

REP. DANIELSON: Thank you, Chairman. What I'm -- one of the concerns I have is somebody did a market analysis early on. That's how we originally set the price. And it's concerning to think that over a year that market analysis was that poor that we've run that far down. And so coming back to your point is the concept of market pricing. Have you thought about that? Have you thought about market range pricing? Give a minimum, take a minimum. That's dangerous; but yet, gives you something to go for and then shoot it on the high end. So let's say 300,000 on the low end and then put your high end is 450,000. You know somebody is going to come in at the low end. But maybe they'll attract somebody else. If it doesn't, you got 300,000.

Can we -- can we look at a market range price? We've not done well. Who was ever doing the market analysis has done poorly, because we've missed it every time. So let's get a little more aggressive and look at a downside and say here's our base and here's our high side. We think it's worth 450 but we'll accept 300.

CHAIRMAN CHANDLER: Just trying to figure something out.

MR. DAVIS: I think in our discussions that we have had with the broker, with Norwood, that may be one of the motivations as to why we are entertaining the auction attitude because with each price reduction it's fairly well-known that that 10% wiggle room is in there. Even though we were saying 500, it was known on the street that 450 would do it.

We didn't get an offer -- I mean, we didn't get any offers. So to reduce it again down to the 450 level is just going to lower the bar, whereas I think perhaps even though we haven't had offers, we have had interest and we had interest from people who are local players up there. Our whole -- and we haven't settled on the strategy, but our hope was perhaps a live auction

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where you have one or two or three faces at the table and start, you know, start the bid. We leave it to the expertise of the auctioneer as to where he starts with Jared's guidance but see what that might foster for maybe a little bit of bidding and not have to just take 300.

At the end of the day, we still -- whatever we got for a bid, we are going to have to come back and get your approval to go forward.

CHAIRMAN CHANDLER: Okay. All right. Any other questions? Figure something out. Okay. Thank you.

MR. NYLUND: Thank you.

**(6) Date of Next Meeting and Adjournment**

REP. CHANDLER: I think that's it. Anything else? If not, we'll recess till the call of the Chair. Thank you very much.

(The meeting recessed till the call of the Chair at 10:01 a.m.)

## 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.

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