

**LONG RANGE CAPITAL PLANNING AND UTILIZATION
COMMITTEE**

LOB, Room 201

Concord, NH

Tuesday, November 27, 2012

House Members:

Representative John Graham – Chair

Representative Carl Seidel

Representative Gene Chandler

Representative David Campbell

Representative John Cloutier – Alternate

Representative Christopher Nevins – Alternate

Senate Members:

Senator James Rausch

Senator John Gallus

Senator Sylvia Larsen

Senator Jeb Bradley

BRIEFINGS

Testimony of:

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Services; New Hampshire Department of Administrative
Services, Bureau of Facilities and Asset Management;
C&C Thibodeau Properties:**

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(Commence at 10:00 a.m.)

CHAIRMAN GRAHAM: The time being ten o'clock, I will call the meeting of the Long Range Capital Planning and Utilization Committee to order. The first order of business is the acceptance of the minutes of the September 18th meeting.

** REP. SEIDEL: So moved.

REP. NEVINS: Second.

CHAIRMAN GRAHAM: It's been moved and seconded that we accept the minutes distributed. And discussion? If not, all those in favor, say aye. Opposed, nay. The ayes have it.

*** {MOTION ADOPTED}

CHAIRMAN GRAHAM: For the recorder, until he shows up, Representative Cloutier is filling in for Representative Campbell.

REP. CLOUTIER: Thank you, Mr. Chairman.

CHAIRMAN GRAHAM: Otherwise you're voting.

REP. NEVINS: Am I a voting member, sir?

CHAIRMAN GRAHAM: Not at the moment.

REP. NEVINS: Okay.

CHAIRMAN GRAHAM: Only if I leave.

REP. NEVINS: That's fine. Very good.

CHAIRMAN GRAHAM: And we do have a quorum. The first order of business is informational. It's item 12-030. Hopefully everybody has read it. At the last meeting I said that I would work with LBA and Administrative Services about how much control we had over this item, and it comes down to being none. And I know the LBA is willing to speak on this if anybody has questions. Otherwise, it's informational. That's the --

REP. CHANDLER: Oh, right.

CHAIRMAN GRAHAM: All right. Moving on, there being no request for further information, item 12-061 from the Department of Health and Human Services. If somebody from the agency would come forward. Nobody from the agency?

REP. CHANDLER: Can I make a motion?

UNIDENTIFIED MALE SPEAKER: He's on his way up.

** REP. CHANDLER: Move to table.

SEN. GALLUS: Second.

CHAIRMAN GRAHAM: Moved and seconded that we table the item for the moment. Any discussion?

REP. CHANDLER: Oh, I don't mean -- my intention is -- isn't for the -- is -- for the moment is to put it on the table. You don't have to accept it.

CHAIRMAN GRAHAM: No, the Commissioner is here, but --

REP. CHANDLER: Okay.

CHAIRMAN GRAHAM: At least allow the Commissioner the chance to --

REP. CHANDLER: I withdraw my motion then.

CHAIRMAN GRAHAM: Okay. Commissioner, you're up. Welcome.

MR. NICHOLAS TOUMPAS, Commissioner, Department of Health and Human Services: Good morning.

CHAIRMAN GRAHAM: One moment. Senator Bradley, are you here to replace Senator Barnes?

REP. CHANDLER: Oh, that's right. Yeah.

SEN. BRADLEY: Am I?

REP. CHANDLER: Yeah, I think so. Yeah.

CHAIRMAN GRAHAM: That's what I was led to believe yesterday, if Senator Barnes was not here, that you would be filling in for him.

SEN. BRADLEY: I thought Senator Rausch was going to be here.

CHAIRMAN GRAHAM: No, Rausch is already on the Committee, but he's not here yet either.

UNIDENTIFIED MALE SPEAKER: He's on his way.

CHAIRMAN GRAHAM: So we're going to continue forward. Your -- Senators only got one of four members here, but we'll move on. Commissioner.

SEN. GALLUS: We've got two now.

CHAIRMAN GRAHAM: Two. Oh, I'm sorry, Senator Larsen. My apologies. All right, Commissioner, I'm just trying to make sure we've got a quorum and a fair shot.

COMMISSIONER TOUMPAS: Okay. And we were going to talk about the Conway District Office. I believe that's the -- the item that you wanted to hear about.

CHAIRMAN GRAHAM: Yes.

(Senator Rausch enters the room.)

COMMISSIONER TOUMPAS: Good morning. Again, for the record, Nick Toumpas, Commissioner of the Department of Health and Human Services. I'm here to give you a little bit of an update in terms of what it is that we're looking to do on this particular item and then open it up for any type of questions that the Committee may have.

Basically, back in the last legislative session the Department went to the Legislature and said we needed to do consolidations in two key areas. One was we were looking at consolidating a number of contracts to make ourselves more efficient as well as to consolidate a number of our field offices,

district office consolidation.

The Legislature enthusiastically embraced both of those proposals, and we actually had dollar figures attached, savings that we needed to achieve in those areas. So shortly after the budget was passed we began the process in terms of looking and taking the long view, and what we did was we did a little bit of redistricting of our own where we looked at the patterns of where the clients were today as well as where we projected them to be moving forward, and we realigned some of the towns to be around a new area that we wanted to put a -- an office that was going to -- that was going to achieve a number of different objectives for us.

One was that we wanted to make sure that the location was accessible to all those particular towns, and, number two, that it would set the stage for us to be able to do further consolidations going forward. We wanted to make sure that the -- um -- for those people who were going to the office, that they were -- it was going to be on a good road, a major road that connected a number of those particular areas and that it would be proximate to a number of related services, shopping, gas, prescription drugs, and so forth.

We also wanted to redesign our offices in order to basically deal with a number of changes and to embrace technology moving forward. A couple of key areas. One is the area of video conferencing. Today we have a number of staff who come down to Concord in order to be able to get trained. We also have our Administrative Appeals Unit that meets to set up appointments with people at our district

offices. There's a huge no-show rate on that, and so with the idea of video conferencing we believe we would -- and that would be part of a new facility.

We also continuously deal with issues related to safety and security of the staff. Some of the -- some of the rooms where the interviews are being held, in many of those there's only one -- one way to get out, and sometimes the -- the worker's back is against a solid wall, and the client has the -- is between them and the -- and the door.

We also wanted to basically take advantage of a number of the technologies that we've done to create a more E-government approach, to allow people to basically apply electronically as well as to come into offices and to be able to provide us updates, again, via some sort of a kiosk. So we were taking a long, long view and a future view on this.

The other and the last item that I would -- I would say on this is that it really -- we have a number of the staff that are in our offices that basically had their headquarters, if you will, at that particular office, but they spend very little time in the office. They're always out in the community. This is the Child Protective Service workers, Adult Protective Service workers, Child Support Enforcement people, as well as the elderly and adult folks.

So what we wanted to do is to be able to create a platform that would allow them to be able to telework, to be able to come in and use the -- use the facility in that way. So in August of 2011, we initiated a process to take a look at all of our

requirements, and we began a process. We did look at whether a make or a buy. In other words, a -- I believe that's required, but what we ended up doing was putting together a set of requirements and put out an RFP.

We followed the procurement process with a high degree of integrity and appropriateness on that, given the nature of what we were looking to do is competitively bid, and we did. Again, we did our due diligence every step along the way. Um -- at the culmination of that process, we are looking to do a contract with an organization that is not the incumbent landlord, and we -- the cost -- there are cost savings associated with it from a facilities standpoint.

We also believe that this sets the stage -- again, doing -- doing the office in the configuration that we want sets the stage for us to be able to achieve greater savings moving forward, and we have -- with the proposal before us is a 10-year certainty regarding -- regarding the cost of -- for the -- for the facility.

So with that, I will open it up to any questions, issues that the Committee may have regarding this particular proposal.

CHAIRMAN GRAHAM: Representative Chandler.

REP. CHANDLER: Thank you. I have three questions.

CHAIRMAN GRAHAM: Go ahead.

REP. CHANDLER: All right. And I'll say it up-front. I've viewed the facility where you're in in Conway. I've done a walk-through, and I'm no expert on what you do and don't do, and I'm not -- like everything else, something new may be better, but I think for the cost involved to make this move, in my opinion, isn't worth it for a number of reasons, one of which we talked about.

We're going to start incurring more electronic filing, so in that case it doesn't seem to me to make much difference where the office is if that's what you're going to do. Also, RSA 9 -- 9-B requires -- requires the use of existing facilities whenever possible, and to me there's no -- not a big enough reason to not follow that statute in this case. I don't think the case can be made that we shouldn't be using an existing facility. Do you have an answer to that maybe? Can I ask that?

CHAIRMAN GRAHAM: A long-winded question, but yes.

COMMISSIONER TOUMPAS: Again, when we looked at the facility, the facility was not -- the existing facility would not meet the requirement that we -- that we have going forward. That was -- we were reconfiguring the -- the regions. We wanted something that was going to have the safety, the security, the layout that we wanted moving forward for the type of offices that we wanted to do, and it's consistent with the consolidation that we wanted to do.

The -- the -- the issues that -- when we looked at the existing facility we gave every

opportunity to the existing landlord in order to basically comply and basically give us a proposal that was going to be able to meet -- meet our particular needs. They gave us a proposal. It does not completely meet our needs, and the other -- the proposal that we want to move forward with does meet our needs and comes in at a lower cost.

REP. CHANDLER: That's arguable, but we'll get into that in the future. The other thing is the cost. You haven't given us -- what is the cost of moving plus all new furniture? You've got a rental cost here, but that does not include furniture, does it?

COMMISSIONER TOUMPAS: Well, the overall -- the overall cost that we had was that -- um -- because in either case when we looked at the cost, because there would be -- there was the five-year term that we had. That's the only apples to apples that we had on that, and the -- the yearly cost on that was lower in the new facility. The proposed one.

Furniture cost, setting up the Voice Over Internet Protocol is going to be required in either case. So that -- effectively that's a wash in terms of doing it. Whether it's the existing facility or whether it was the new facility -- um -- the cost -- the additional cost associated with the new facility are around \$38,000, and that included an access panel, control panel as well as the moving costs of \$10,000. But when you -- I factor those in, I still have the -- the proposal to move to the new facility still is \$45,000 less even factoring those things -- factoring those

things in.

REP. CHANDLER: Further question. The lease agreement here says it starts December 19th. Does that mean payment starts then, also?

COMMISSIONER TOUMPAS: I'm going to --

CHAIRMAN GRAHAM: If you desire, Commissioner, you can bring up one of your --

COMMISSIONER TOUMPAS: Yeah, I'm going to have David Clapp join me.

CHAIRMAN GRAHAM: And, for the record, Senator Bragdon, Senate President, has appointed Senator Bradley to replace Senator Barnes, who is not here.

SEN. BRADLEY: Thank you.

MR. DAVID CLAPP, Administrator, Department of Administrative Services, Bureau of Facilities and Assets Management: David Clapp with the Bureau of Facilities and Assets Management. The cost does not start -- or the rent payment does not start until we occupy the facility.

REP. CHANDLER: Thank you. That's all I have for now.

CHAIRMAN GRAHAM: Further questions from any members of the Committee? If not, thank you. I'm sure that there are other people who would like to talk, Commissioner. Thank you.

COMMISSIONER TOUMPAS: Okay.

CHAIRMAN GRAHAM: Is there anyone else who wishes to speak on this item? Please come forward, state your name and where you're from.

MR. CARL THIBODEAU, C&C Thibodeau Properties: My name is Carl Thibodeau. I represent C&C Thibodeau Properties. I'm the current landlord for the Conway facility. Excuse me. The RFP that was sent out was received by me, and they asked for a Letter of Intent, which we sent and complied with. It was received on time.

The RFP did not specify a closing date as to when the final response would be -- you'll have to excuse my voice. I have an awful cold this morning. When the final response time was going to be, which I -- when appointed I would like to make because later on that becomes more critical. During January, February, March we received plans in the mail, and we priced the project as requested via an E-mail on an as-is basis.

We priced that project at \$16,478 a month, which was 197,736 on an annual basis. That would represent a savings of approximately \$50,000 a year to remain in the facility as is. That was the first step that we took. I received plans and then went ahead and priced the project based on a full remodel for the 10,700 plus or minus square feet which mothballed about 2,000 square feet of our existing facility. The price for that project, because of the amount of demolition that was involved, came out to \$260,700 annually, which is about a 10,000-dollar annual higher fee than the Ossipee project.

I then started looking at the project with a different viewpoint and was in the process of drafting a plan of my own which would be in full compliance with the RFP, although not exactly the same floor plan that was requested by DHHS. The cost for that project remodeled in a different manner was \$219,600 annually versus the 249,519 of the Ossipee project, representing approximately a 30,000-dollar savings to the State of New Hampshire on an annualized basis or \$300,000 over the term of the contract.

In the meantime, while I was in the process of drafting that, I received a call from David Clapp and Lee Smith informing me that the project was going to Ossipee. I asked if I could submit another plan and was told that the plans were closed and that that was the final decision. I moved forward with the completion of the plan, and I forwarded a copy to Senator Bradley and a copy to Councilman Burton and asked that they get those plans down to Commissioner Toumpas. I understand from the Senator and the Councilor that they in fact did do that, although it was never acknowledged that those plans were received.

In and around the RFP process, it -- it -- I have been through several RFP processes in the past as Commissioner of the Conway Village Fire District. The RFP process has been generally accepted as negotiable at any given point in time. It was not a sealed bid. It was never a request for a sealed bid. And I was quite taken aback when I was told that there is going to be no negotiation. This is all over and done with.

The short version, I guess, is that I would encourage this Committee to ask that the Department of Health and Human Services come back and take another look at this and allow some negotiations with myself to save the State of New Hampshire a tremendous amount of money while still providing DHHS with a facility which fully meets the RFP. And there are also other things that can be done to that facility that might even result in a better savings doing minor remodels.

I guess that's about all I can say at this point. If anybody has any pertinent questions, I'd be happy to try and answer them.

CHAIRMAN GRAHAM: Questions? Seeing none --

SEN. RAUSCH: I --

CHAIRMAN GRAHAM: Senator Rausch.

SEN. RAUSCH: Yeah, Mr. Chairman, I don't know exactly who to ask this question to, but not coming from the North Country, a highlight of the geography and the location of the building, on why it would be beneficial, is there also a geographical reason why you would want to stay in Conway versus somewhere else? Or what other mitigating factors other than just dollars and cents? Is that all this is or are there other circumstances why Conway would be a better site to explain to someone who's not that familiar with that area would be beneficial?

CHAIRMAN GRAHAM: And I think that that would have to come from the Department, and I will ask them to come back and answer that question.

SEN. RAUSCH: Thank you.

REP. CHANDLER: Am I allowed to make a statement?

CHAIRMAN GRAHAM: You can make a statement, and we'll discuss whatever motion comes up.

REP. CHANDLER: Okay.

CHAIRMAN GRAHAM: Any questions for the person who is there at the moment? Seeing none, thank you.

MR. CLAPP: Thank you.

CHAIRMAN GRAHAM: Commissioner, if you or one of your people could answer Senator Rausch's question -- I think you touched on it in your testimony, but if you could elaborate on it.

COMMISSIONER TOUMPAS: Yeah, to be specific to your question, Senator, we have -- we have a number of field offices. We have one in Rochester. We have one in Conway. We have one in Laconia. And, again -- right now. And when we were looking at, again, the -- if you don't mind me using the term redistricting in terms of where -- what towns were going to be covered by what office.

We're setting the stage in order to be able to do some further consolidations a little bit further south between Rochester and Portsmouth, two of our larger -- larger offices. So we -- there are a number of towns from the Rochester area that were brought -- that now will be served by the office

that we want to have right now in Ossipee. It's a straight shot up Route 16. Likewise, from the Conway area, it's a straight shot down 16, and then there are some other towns over close -- bordering onto the Laconia region that would also become part of the catchment area.

So -- so this is as much of looking at what our needs were going to be in terms of what was going to be the most effective way we were going to be able to provide the services to the clients in that particular area, again, when we reconfigured where the -- where the regional boundaries were going to be. So it's not -- it was -- obviously if it didn't work from a dollars and cents standpoint, we wouldn't be coming forward with it on a dollars and cents standpoint, but that -- that was clearly one -- one area, but the -- again, the -- looking at what our needs were going to be not just for today but moving -- moving out in the future in terms of having -- having an office that was going to be accessible to the people in those geographies in addition to where people are currently -- currently served, so it was not just the dollar side of it.

CHAIRMAN GRAHAM: Follow-up, Senator Rausch?

SEN. RAUSCH: What percent of transactions are electronic versus foot traffic?

COMMISSIONER TOUMPAS: Right now the majority of the transactions are foot traffic. What we have done is we are setting the stage in order to be able to do a greater amount of electronic transactions that gets into something that we'll be talking about

in the -- in the budget process, but what we've done right now is that for anybody who's coming in to apply for the services, the first step was in order to basically essentially digitize or scan all those documents, so now to create an electronic folder as opposed to a folder with a lot of paper.

That allows us to be able to move that application around to other areas, and indeed we've set up a regional processing center for food stamp applications up in Berlin that serves the entire state. So we have seven people up there that -- that do applications across the state, but from the -- the application side of it, for somebody to initiate that, that is with a -- an application that we have been continuing to advance called -- it's called New Hampshire Easy that will allow people to basically begin the application process over the Internet.

It could be a town, town human services. It could be at a CAP agency. It could be at a community health center. It could be at a hospital. It could be out of a person's home, but that has a ways to go before -- before we do that, and the other thing that we need to make sure as we do that is that we have the appropriate level of a fraud and control on that particular process when somebody is doing it electronic.

CHAIRMAN GRAHAM: Senator Larsen.

SEN. LARSEN: The owner of the present facility spoke to him -- his presenting you with a revised proposal and remodeling consideration as well as price difference. Did you receive that in time to

take it into consideration with the other --

COMMISSIONER TOUMPAS: From my standpoint,
Senator --

SEN. LARSEN: Or do you feel you've adequately
reviewed that in this, and the decision is final?

COMMISSIONER TOUMPAS: We -- again, I had
David Clapp as well as others within the Department
were managing the procurement process. And at some
point when we get -- we get the data, a decision
needed to be made. I had the information that was
provided to me, and in my mind we gave every --
every opportunity for the existing landlord in order
to basically come back with proposals, but at some
point when we're in a procurement process, the
obligation is to make a decision in terms of saying
this is -- this is the direction that we're going
to go. After having gone through a competitive
process, I just can't keep it open for -- for an
eternity and basically say until -- because if I
give one -- one person an opportunity to basically
do it, I have to give it to all the people who had
-- who had bid on the program.

CHAIRMAN GRAHAM: Representative Campbell.

REP. CAMPBELL: Thank you, Mr. Chairman. I
apologize for being late, and I understand you made
your --

CHAIRMAN GRAHAM: What's so unusual about
that?

REP. CAMPBELL: Well, I was picking out new

wallpaper. The geography argument you made, and I understand that. I understand what you're saying, but could you summarize the cost effectiveness of this? I mean, considering this lease is much more expensive, what -- summarize for me, if you would, why is this more cost-effective?

COMMISSIONER TOUMPAS: Well, the actual costs are lower over that -- over that five-year period, even considering the -- again, as Representative Chandler had talked about with the furniture, and we also had to fit up the facility for the phone system, the Voice Over Internet Protocol phone system, that now we're doing across all the -- all the agencies, and then we had the two additional items, including the moving -- moving costs.

With that, over that five-year period, the proposal that we want to move forward with does come in at a lower -- lower cost. But, more significantly, when we -- when we look at it again, there are additional savings that I believe I can -- I -- can be incurred. Now, one could argue it could be done with the other facility as well, but when I look at it from the optimal -- again, when we started this particular process 15 months ago, we said this is the type of thing that we're going to need to have for our offices moving forward to deal with -- to deal with both the budget realities that we have as well as the type of technologies that enable us to fundamentally change how we go about delivering the services.

We didn't want to scale back on the services. We wanted to -- we wanted to continue to be able to provide those services but to do that in more --

more efficient ways, and I need that -- that facility in order to be able to do that. We've done that in two other areas right now where we did that down in the Salem and Nashua where we consolidated the offices down there, and then we've done the same thing over in -- over in the Seacoast area.

CHAIRMAN GRAHAM: Representative Chandler.

REP. CHANDLER: Thank you very much. Regarding location, it was my understanding that there was no immediate plan -- I say immediate. I don't know if that means five, 10, whatever years, to consolidate the Rochester office anyplace else. So if Ossipee opens, Rochester will still remain; isn't that correct?

COMMISSIONER TOUMPAS: Rochester would still -- Rochester is a very large office --

REP. CHANDLER: Right.

COMMISSIONER TOUMPAS: -- for us, but that is -- that is the next -- that is the next item on the -- on the agenda that we have. Again, I'm going to be going through my budget hearings today, at least to start -- the start of that process. I'm going to continue to see pressures on the Department in a number of different areas, and the idea of doing the type of consolidations that -- that we're talking about, as we're talking about here, is something that I'm going to continue to bring forward, Representative Chandler, but the -- for -- but right now it really is a matter of -- it's certainly not five years. It's something that we -- now we know the requirements in terms of the

-- the basic requirements in terms of what we want for an office, so the idea of being able to put that RFP together in order to do the stuff -- the due diligence in terms of doing the Rochester office is certainly not years away. I mean, it's really months and really more a matter of the resources that I have in order to be able to devote to that.

CHAIRMAN GRAHAM: Follow-up?

REP. CHANDLER: In my understanding, having a location in Ossipee will be beneficial for some people, but it's going to be less beneficial for others. I mean, you're swapping one place for another. So the people -- maybe if someone is coming to Conway from Ossipee now, but if you go to Ossipee, the people in Conway or whatever, that whole upper end of the county is going to have to go to Ossipee. So is that just a swap?

COMMISSIONER TOUMPAS: Well, again, there is -- what we needed to do is when we looked at the -- at the configuration of the region, we needed to have something that was going to be proximate and accessible by -- by all the people. Now, clearly, there are going to be people that may have to travel a little bit further in order -- in order to go. There are going to be people that are going to have to travel a little bit less, but the idea was also to basically have something that was -- many of the people that we serve don't have the adequate levels of transportation to begin with, and so to have something on a -- on a major -- on a major route up in the -- up in that particular area, I think, was important to us.

REP. CHANDLER: Thank you. If I may, from an employee standpoint, from what I understand, in Conway presently employees have -- pretty much have their own cubicles; is that correct? I believe.

COMMISSIONER TOUMPAS: A number of them do, yes.

REP. CHANDLER: Yeah. And what the new proposal will be, there will be a number of -- four maybe in a -- in an area, and I'm just wondering is that a better move for the employee or not? Once again, if you're starting out somewhere, I can see that. But have you had any employee complaints about the facility in Conway?

COMMISSIONER TOUMPAS: No.

REP. CHANDLER: Have you had any employee complaints about moving?

COMMISSIONER TOUMPAS: Well, they haven't come directly to me, but I'm sure -- I -- I could not sit here and -- in front of you and tell you with 100 degree certainty that somebody hasn't complained about it.

REP. CHANDLER: Okay.

COMMISSIONER TOUMPAS: I'm sure somebody has.

REP. CHANDLER: Okay. They have.

COMMISSIONER TOUMPAS: I'm -- you know, the -- but -- um -- I have people that moved from one part of the campus up here to another part of the

campus, and I got a number of E-mails.

REP. CHANDLER: Okay. I get it. Thank you.

CHAIRMAN GRAHAM: Senator Rausch.

SEN. RAUSCH: Thank you, Mr. Chairman. I guess I'm still now back to the numbers. If I heard the existing landlord correctly, he said that the State would have a savings anywhere from 10 to 30,000 a year even with renovations, and your numbers are saying that your proposal has a savings. So I'm not sure what the discrepancy in the number is.

COMMISSIONER TOUMPAS: The numbers that I have -- um -- for the first five years for the new facility -- again, a facility to facility level is \$249,519 a year for the new facility versus a renovated Conway office of \$260,700 a year. Over a five-year period, the new office is 1.247 million. The other one, the existing -- again, renovated, not the existing without making any changes at all, was 1.33 million. If we -- keeping the facility as is with no changes was one million -- a little over one million dollars.

CHAIRMAN GRAHAM: Senator Bradley.

SEN. BRADLEY: Thank you, Mr. Chairman. But isn't that notwithstanding the commitment that was just made by the current landlord that the price would be even less than what was listed here had the bid process not closed?

COMMISSIONER TOUMPAS: Um -- I -- I will confess I did not hear everything that Mr. Thibodeau

did say, but I got the gist of that. But I'll go back to one of the -- one of the issues that I have, Senator, is that when I go through a competitive bid process, and we go through that particular process, follow the procurement rules, and I end up -- we made a -- we had to close the date at some point, and I have to make a decision. I just can't keep it open-ended.

We made the decision based on the information that I had available, and the proposal to move forward with the new facility was, for all the reasons that I've discussed as well as the -- as well as the cost, was -- was more compelling. But at some point I needed to -- we needed to make the decision, notify people appropriately that a decision had been made.

Whenever we've done that in any type of contracts, you know, it's not notifying somebody and then say now you have the opportunity to be able to come back with a best and final offer. That -- that precedes the idea of us making the -- making the decision. And I believe with the information that was provided me by -- by Dave Clapp and the others within the Department, we gave every opportunity for him to be able to respond.

CHAIRMAN GRAHAM: Commissioner, I do have one question. If this Committee does anything other than approve this item, what do you see as your options, and how will you proceed?

COMMISSIONER TOUMPAS: Well, clearly, I will have to go back to my -- my particular folks in order to do that. I would be -- I am concerned

that I have followed a procurement process that arrived at a decision. It is a decision on the part of the Committee. If you want to make that particular decision, obviously you are within your -- within your rights to be able to make that.

The other -- the other point that down the road is that that does need to be a contract. It goes before the Governor and Executive Council, and they also have to approve -- to approve this. In the event that both of those -- that -- I am -- I am -- it's rejected at that particular point, then I need to go back to the drawing board and take a look at what it is that we need to do.

CHAIRMAN GRAHAM: Senator Campbell.

REP. CAMPBELL: Thank you, Mr. Chairman. So there was a procedure -- procurement procedure that was publicly put out, advertised, and followed; is that correct?

COMMISSIONER TOUMPAS: Our RFP was put out, provided to -- was provided to -- um -- the -- the bidders. It was noticed in the -- um -- newspapers. I'm not exactly sure which -- which newspapers. It was posted on the -- um -- on the State Web site for RFPs and so forth, so it was -- it was a public process that we followed, the procurement process, with -- um -- in my mind, a great deal of integrity, as we do with all the procurement processes that we do.

The Department does -- um -- you know, more than our share of competitive procurements, and so we have mechanisms in place to make sure that we --

that we follow -- follow that. Indeed, some of the -- some of the discussions that were going on, I'm not privy to any of that because I -- I need -- I don't -- I shouldn't be privy to that because ultimately I'm going to be the one that's going to have to make the decision.

REP. CAMPBELL: Thank you. Follow-up?

CHAIRMAN GRAHAM: Yeah.

REP. CAMPBELL: Did Health and Human Services do this in-house or was it through Administrative Services?

COMMISSIONER TOUMPAS: It's a collaboration between ourselves and the Department of Administrative Services.

REP. CAMPBELL: Again, one more follow-up, please?

CHAIRMAN GRAHAM: Yeah.

MR. MICHAEL CONNOR, Director, Plant and Property Management, Department of Administrative Services: Yes, that's correct. They follow the same procedures that we do for all the leases.

REP. CAMPBELL: Thank you.

REP. CHANDLER: A question.

CHAIRMAN GRAHAM: Thank you, Commissioner.

****** SEN. LARSEN: I would move approval of the

request.

CHAIRMAN GRAHAM: Is there a second?

REP. CAMPBELL: Second.

CHAIRMAN GRAHAM: So moved and seconded the item be approved. Discussion?

REP. CHANDLER: Yeah. I certainly will be voting against that motion and, if it is defeated, would make a motion that we table the item. And I realize it's going to be a new Committee formed next year. I think at a minimum we should allow Mr. Thibodeau to present something in writing. He just saw this this morning. He was not given this, which I don't know as he should have been, but nonetheless he hadn't seen it, and I think -- and everything -- and I don't know. Senator Bradley can speak, also, but having been involved with this and viewed the facility and gone through this, I think there's a lot here that -- I realize people want to be in a new facility. That's great.

But the fact of the matter is no matter how you look at this, it's going to cost more money, and I understand maybe it's more convenient for some people to get there if we move the facility to Ossipee, but it's going to be less convenient for people on the other end of the county, so I just think that's a swap. I just don't feel that -- and I will be -- will certainly be willing to vote for this if -- after Mr. Thibodeau's allowed to at least present to this Committee what it is he will do in the cost.

We've heard a number of costs thrown around here today by both the Department and Mr. Thibodeau, and I think we should have them apples to apples so we can make a decision based on the cost. It's not a new building that he has up there. It's perfectly serviceable. In my opinion, it's better for the employees to have their own space and all that. But I just think that that's what I would recommend that this Committee do. I don't think two months, if they meet in January again, will be anything critical to this whole exercise.

CHAIRMAN GRAHAM: Senator Bradley.

SEN. BRADLEY: Well, I would agree with my good friend from Bartlett. It would appear that even though the procedure was followed, that we could be saving as much as \$30,000 a year from what Mr. Thibodeau indicated this morning. I agree with Representative Chandler that for some people it would be more convenient if the location is in Ossipee, but Conway is the center of the northern part of Carroll County. It's a large population center.

I tend to think that there would be more inconvenience than convenience by making this move even though it would be in a reasonably situated location. I also think that Mr. Thibodeau should get the opportunity, as Representative Chandler said, to have an apples to apples comparison so that we can be sure that taxpayer dollars are being spent the most cost-effective way possible.

CHAIRMAN GRAHAM: Senator Rausch.

SEN. RAUSCH: Thank you, Mr. Chairman. I guess I'm kind of in a quandary here because what I'm hearing are individuals from the north community view the existing location is a -- you know, one certainly has merit in remaining in the facility, but in the same side I understand the Commissioner going through a process. And we are kind of process oriented. So I don't know what happened here where we have a landlord that seemed to indicate that there were some things missed, but yet we've got the process that says it was adhered to. So I am in a real quandary, and --

CHAIRMAN GRAHAM: You're going to have to make up your mind and vote.

SEN. RAUSCH: Well, I have to say I am leaning toward a shall we put this on the table and get some more information so I can make a more intelligent decision on if I'm for this or against this.

CHAIRMAN GRAHAM: Representative Campbell.

REP. CAMPBELL: Thank you, Mr. Chairman. Yeah, I -- I understand the dilemma here, I guess, but what I'm missing, I guess, is the fact that we have a process that we can go through, and I've been on this Committee for six years, and I don't think we get in the position of validating the process and going to the point of something that's cost-effective.

We asked our Commissioner many times to figure out what's cost-effective, what works best for the public, what works best for the State budget. I think he's done that. He's made his case, and now

we're trying to open up a process. As unhappy as the current landlord is, I think if we turn over the apple cart here, we're going to have some unhappy people in Ossipee as well. So I -- I guess I'd like to ask the question of the Commissioner. If we do delay this, what's the consequence?

CHAIRMAN GRAHAM: No. Now, we're in the middle of --

REP. CAMPBELL: I know that. I'm asking the Chair if I can ask him --

CHAIRMAN GRAHAM: No. You had the chance. I asked that question, and I got the answer.

REP. CAMPBELL: Oh. What was the answer?

CHAIRMAN GRAHAM: That he went through the process, and he needs to go forward with it because he has to do his budget for next time essentially. Senator Gallus.

SEN. GALLUS: Mr. Chairman, I think that, you know, we have had a process, and we've gone through that process, but we also have a responsibility to listen to the people, you know, who represent the constituency in those areas. Senator Bradley and Representative Chandler, you know, are in those areas, and they know that marketplace better than the rest of us, and they represent those people. They have to go home tonight. And so I think that I would listen to them.

CHAIRMAN GRAHAM: Senator Larsen.

SEN. LARSEN: I -- I understand the issue of listening to those whose districts this affects more heavily, but I also believe that we have a procurement and an RFP process. They have followed it, and I understood the Commissioner's response that at some point you can get into a bidding situation where you'll never close a deal because there will be the back and forth that happens, as we know.

One of the things that weighs in favor of this is the fact that they are adding new parts to the new communities, to the caseloads of that region, and -- including New Durham, Strafford, Milton, and Farmington as well as Alton and Center Harbor. So the idea that Ossipee is more centrally located makes sense.

We heard there's savings to -- in the existing office. I don't think this Committee has ever been the final decider when we take the bid here and try to decide which was the best. I -- I'm not totally clear on the effect of tabling this for a couple of months and how that will affect the Department and its budget.

So I hesitate to -- to put -- I believe a fair process has been followed, and that's generally how we deal with it in this Committee is the process is followed. You make an up or down decision. And, in my mind, the -- there's savings to be had through this, and the regional aspect of it weighs heavily as well. So I think we need to go through with the Commissioner's request because at some point you got to make a decision.

CHAIRMAN GRAHAM: Representative Campbell. Oh. I thought you were raising your hand. Last time, Representative Chandler.

REP. CHANDLER: Thank you. I appreciate that. I just would say that yes, the process has been somewhat followed. I don't agree that it has been completely followed. This is an RFP process. Representative Bradley and I have met with people from the Department in the summer at some point, explained our concerns and asked them to see if they could meet, talk this over with Mr. -- it never happened.

Right or wrong, this process from some point in time was hellbent on going to Ossipee. There was just no discussion. It didn't seem like anyone had a chance to make a fair proposal, and I believe that in my heart. And I don't know as anything is going to change, but, in my opinion, the State of New Hampshire and its citizens, as Senator Bradley said, would be best served by at least letting this Committee, whoever it may be, and it won't be the same people next time obviously, take a look at it and see what's in the best interests of the State from a financial standpoint and somewhat of a location standpoint, but that's all I have to offer.

CHAIRMAN GRAHAM: We have a motion on the floor to approve this item made by Senator Larsen. Representatives Cloutier and Nevins, you are not voting in this.

REP. CAMPBELL: I sure wouldn't want to be.

(Laughter.)

CHAIRMAN GRAHAM: Just so we know who's voting. That's the big one. All those in favor of the motion, say aye. Opposed, nay. Do you want a hand count?

SEN. LARSEN: I can see.

CHAIRMAN GRAHAM: Okay. The nays have it, and the Motion is defeated. Representative Chandler.

***** {MOTION DEFEATED}**

****** REP. CHANDLER: I would make a motion that we table this item, and I guess as part of the motion ask that Mr. Thibodeau get to the Committee, whoever that may be next time, but whatever his -- what the proposal was. I'm not interested in opening this up to a new situation, but I think I would like to see in writing, because I have not even seen in writing what Mr. Thibodeau discussed this morning on options that he gave the Department, and that's basically all I'm looking to do. And then we can compare something. That's all. That's my motion.

CHAIRMAN GRAHAM: Motion to table.

SEN. GALLUS: Second.

CHAIRMAN GRAHAM: Seconded by Senator Gallus. The tabling is in the form of a motion.

REP. CAMPBELL: Not when it has conditions on it.

****** REP. CHANDLER: I will withdraw my motion and

just make a motion to table.

REP. CAMPBELL: Second.

CHAIRMAN GRAHAM: Motion to table. See, that's what I think. All those in favor, say aye. Opposed, nay. And the motion is approved.

*** {MOTION ADOPTED}

SEN. RAUSCH: Mr. Chairman.

CHAIRMAN GRAHAM: Yes.

SEN. RAUSCH: Now that we have tabled it, can we voice any concerns about the next step?

CHAIRMAN GRAHAM: Yeah, because this is --

SEN. RAUSCH: We have to give somebody some guidance on when they're coming back, and I have to say I do support tabling, but I also believe that this has got to be something that the Department is actively involved with. We can't just ask the existing landlord to come back to this Committee. I am not prepared to make a decision based on this proposal and this proposal.

I am in agreement with tabling to get some time to resolve what Representative Chandler said about way back this summer there were things, and they weren't heard and whatever. You know, was there a little glitch in the process or wasn't there? I'm willing to give people the benefit of the tabling motion to resolve this, but it's got to be a two-way street.

I have to know where the Department is and with input from the landlord now that obviously the Department sees a dilemma here with this Committee, but it's got to be something that the Department can either say we totally disagree or okay, we see something here that was missed, and we'll reevaluate. You know, we've got to have everybody engaged in the process.

CHAIRMAN GRAHAM: Representative Chandler.

REP. CHANDLER: Thank you, Mr. Chairman. Yeah, I agree with that. I'm hopeful that the landlord and the Department will get together, review this situation. The Department may well say no, I have to -- meeting with Mr. Thibodeau, whatever, no, this is the way we're going, and this exact thing may come back to the next Committee. So be it. Then we'll have to make a decision.

I would hope at least that he -- Mr. Thibodeau gets the opportunity to talk with the Department as we urged last summer that they do this. A lot of this, in my opinion, might have been able to have been avoided, but nonetheless this is where we are. And I think we need to pay particular attention to RSA 9-B, which is put in the statute for a reason that says whenever -- I don't know what it says exactly. I can't quote it, but whenever possible -- or must be taken into consideration the use of existing facilities. So those type of things need to be addressed. And I agree with you 100 percent. I'm not saying the Department may not agree, and they may come back with exactly the same, and we'll have to make a decision. That's fine.

SEN. RAUSCH: Okay.

CHAIRMAN GRAHAM: Moving on to item 12-063 from the Department of Transportation.

MR. CHARLES SCHMIDT, Administrator, Bureau of Right of Way, Department of Transportation: Good morning. I'm Chuck Schmidt from the Bureau of Right of Way and the Department of Transportation. I have Phil Miles with me today, who is the Chief Property Manager.

MR. PHILIP MILES, Chief Property Manager, Bureau of Right of Way, Department of Transportation: Thank you.

MR. SCHMIDT: Also in the audience is Jesse Singh, who is the proposed purchaser of this property. We'd like to start with LRCP 12-063. We request the authorization to sell a 0.26-plus-or-minus-acre portion of the controlled access right of way located on the southwesterly side of New Hampshire Route 103 in the Town of Bradford directly to Bradford Management, LLC for \$44,100, which includes an 1,100-dollar administrative fee, subject to the conditions as specified in the request dated November 14th, 2012.

CHAIRMAN GRAHAM: Questions on this item. I have one. How come you let them build on the right of way when they did the renovation?

MR. SCHMIDT: I --

CHAIRMAN GRAHAM: It says they encroached upon

the --

MR. SCHMIDT: That's correct. They have tanks and a couple of pumps.

CHAIRMAN GRAHAM: My question was the process of how come it happened?

MR. SCHMIDT: We weren't aware of it.

CHAIRMAN GRAHAM: Okay. Are you taking steps to correct that?

MR. SCHMIDT: Absolutely.

CHAIRMAN GRAHAM: Senator Gallus.

****** SEN. GALLUS: I move approval.

CHAIRMAN GRAHAM: Wait a minute. Wait a minute. There was somebody from -- do they want to --

SENATOR BOB ODELL, New Hampshire Senator, District 8: Yes, please.

CHAIRMAN GRAHAM: Senator, if you could just vacate. They came. They want to talk.

SEN. ODELL: Thank you, Mr. Chairman. I'm Bob Odell, State Senator, and this is Jesse Singh, a constituent of mine in Bradford and also has a facility in Newbury. And I hope you'll have some patience with me. This is the first time in all the years I've served in the Legislature I've been before this Committee.

CHAIRMAN GRAHAM: If I -- if I could make a

--

SEN. ODELL: Yeah.

CHAIRMAN GRAHAM: If you keep it short, Senator Gallus was about to make a motion to approve this

--

SEN. ODELL: I understand.

CHAIRMAN GRAHAM: -- to go forward.

SEN. ODELL: No. I appreciate that. And please know that we are -- and what I'm going to ask Jesse to do is correct any misstatements that I might make, and please understand that he has a little difficulty hearing, so we'll try to help out. We have no problems with the process by which the State has approached this potential sale, and we appreciate the appraisal that's been done. We don't have a competing appraisal for you today, but, Mr. Chairman, your question sort of hits at the heart of this process that's been going on.

Mr. Singh and his partner, Ron Puri, who is here, also do have in a sense their backs against the wall because this needs to be resolved today as they have a refinancing closing date on the 31st of this month, and that's very important to them. They've put it off once before, but this is really important from the standpoint of small business people trying to secure these businesses and to go forward hopefully with the encouragement and the help of the State of New Hampshire while we also

look out for our taxpayers.

The facility involved, Representative Campbell is aware of. Representative Cloutier knows it. We know it well as -- in the Town of Bradford it is the only gas station and convenience store between Route 89 and the next convenience store, which would be in the Town of Newbury. It is the only gas station in the Town of Bradford.

As you indicated, Mr. Chairman, a question arises about what happened here. Mr. Singh and his partner when they bought this property understood that that part of the land we're discussing today was part of the land that they were buying. They were unaware that in a sense it was not part of it, and it was owned by the State. So they in a sense are being asked to pay for it for a second time because it was purchased in their minds originally when they did it.

The other part is that they are the only likely owners of this land. In other words, the land by itself is not a stand-alone piece of property that could be developed and used in other ways, and obviously there are structures on it even as we speak.

So what they're asking today is some consideration in terms of the amount of money that's being asked by the State of New Hampshire. Their appraisals, and they can go through their way of doing this, and they're experienced in business, but they -- we don't, as I indicated, have a competing professional appraisal. We respect what the State has done, however, and they believe that it should

be at some lesser amount, less than \$20,000, but I don't know whether this Committee negotiates or sets amounts in between, but they would be prepared today to agree to the \$30,000.

I will say that they do have their back against the wall, and so a decision of this Committee today is what they will have to deal with when that decision is made. Jesse, have I correctly --

MR. JESSE SINGH, Property owner: Yes.

CHAIRMAN GRAHAM: Questions? Seeing none, thank you.

REP. CHANDLER: Mr. Chairman, a point of information. Representative Campbell has stepped out of the room. Which representative is voting? Is it Representative Nevins or myself? Okay. Representative Nevins. Okay.

CHAIRMAN GRAHAM: We'll let -- we'll take the lecture of being in the majority party.

(Laughter.)

REP. CLOUTIER: Well, I have a few more days.

REP. NEVINS: Well, this will be my last vote.

CHAIRMAN GRAHAM: Pleasure of the Committee on this item?

****** SEN. GALLUS: I move approval.

REP. CAMPBELL: Second.

CHAIRMAN GRAHAM: Moved and seconded. Any discussion? If not --

REP. SEIDEL: One question. Are we going to keep the same price?

CHAIRMAN GRAHAM: That was the motion, to approve the item.

REP. CAMPBELL: I'm sorry. I did not hear that.

REP. SEIDEL: You didn't understand what?

SEN. LARSEN: Didn't you second it?

REP. CAMPBELL: Yeah, I seconded it. I mean, I'll still second it for purposes of discussion. Can we have the D.O.T. back?

CHAIRMAN GRAHAM: Yeah.

REP. CAMPBELL: Can I ask a question? Thank you. Regarding the price, did you have discussions about the price and the fact that the owner originally kind of bought this with the existing condition and factoring in -- I know the spot. There's no other possible landowner. It's not -- there isn't a fair market value that anybody else can use it. Has that been factored into all of this?

MR. SCHMIDT: Yes, it's been factored in as a supplemental to the property. The value is based on the existing property. And that value of the

property was determined, and independent to that was the value of the impacts that exist on the property. To relocate the tanks, we've approximated \$100,000 -- tanks and pumps, and it's -- and the appraisers have adjusted that to come down to this value -- or a portion of this value, I should say, independent of the land value.

CHAIRMAN GRAHAM: Yes.

REP. CAMPBELL: So what we're saying is that somebody buys a piece of property, and through their -- granted, their lack of due diligence, they end up finding out that a septic system, a gas tank, or something that they're purchasing is not on their property, but it's on State property, and even though no other owner can have it, we kind of are extracting the top dollar on this more or less?

MR. SCHMIDT: Absolutely. Because the alternative would be that we could have them remove that from the right of way. And I'm not saying we would in this case, but that would be the alternative.

REP. CAMPBELL: Thank you, Mr. Chairman. Wouldn't the normal recourse be to go back to the seller? I mean, if the seller sells you something that's on somebody else's property -- I mean, I hate to say -- you know, I'm not against reducing it if we had a competing appraisal, which we don't have, but I think -- and you probably would know that better than I, but wouldn't the recourse be to go back to who sold you the property?

REP. NEVINS: Yeah.

REP. CAMPBELL: Yeah. I mean, there would be a legal recourse there probably under warranty deed if that's how it was transferred.

SEN. GALLUS: And we have no other appraisal.

CHAIRMAN GRAHAM: Representative Nevins.

REP. NEVINS: Thank you, Mr. Chairman. The recourse may be to go back to the professionals who did the title search or the attorneys who are responsible for this. I truly do sympathize with that because I would not be expert enough myself probably to -- you know, I would accept a title search, especially if you paid for that, so hopefully there will be recourse in that way. However, I realize how difficult it is. I would be upset, too, if I found out something was -- you know, that I thought I bought, I thought I owned, I was told I bought it and owned it, and it turns out I didn't, but the recourse is elsewhere.

CHAIRMAN GRAHAM: Any further discussion?

SEN. RAUSCH: This is just a generalization comment, I guess, is that every now and then this Committee runs into these properties where they're purchased, and they find out that they don't own what they purchased. I don't understand how that happens. It's very confusing to me because, you know, in order to buy property you have a deed research, you have surveys, and in order to get your mortgages -- um -- and I certainly appreciate the fact that we're trying to do constituent service here as well, but we've got an appraisal. That's my

dilemma.

CHAIRMAN GRAHAM: Senator Larsen.

SEN. LARSEN: Even as a private citizen, we know that we get our property surveyed before we buy, and I don't know -- we didn't hear exactly where this purchaser's survey was, but there -- I think in terms of the long range how we are going to deal with this because it could happen again, I think we have to go with the appraised value and assume that people will be careful when they're buying property to get it surveyed. And there should not be a benefit. We have to weigh both the interests of the small business but also the interests of the taxpayer, and I don't think we can give breaks to -- on price when these kinds of things happen, and so I think we have to go with the appraised value and move on with this question.

CHAIRMAN GRAHAM: The motion on the floor is to approve item 12-063. Any further discussion? Seeing none, all those in favor, signify by saying aye. Opposed, nay. The ayes have it.

***** {MOTION ADOPTED}**

CHAIRMAN GRAHAM: And we move on to item 12-064 from the Department of Transportation.

MR. SCHMIDT: Yes. Good morning. I also want to make a note that Executive Director Glenn Normandeau of Fish and Game is with us today, and, also, I believe, Commissioner Dan McLeod, Department of Cultural Resources, is with us.

And with that, just a point of clarification. Fish and Game is responsible for the managing of the property, and Cultural Resources is responsible for the enforcement of the covenants.

Today we request authorization to sell a five-plus-or-minus-acre parcel of State-owned land improved with a historic two-story farmhouse located on the southerly side of New Hampshire Route 101 in the Town of Exeter to Edward J. Conner, or assigns, by amending item LRCP 12-016 which was approved June 26th, 2012, by decreasing the sales price from 121,000, which included an 1,100-dollar administrative fee, to \$11,100, which includes an 1,100-dollar administrative fee, subject to the conditions as specified in the request dated November 13th, 2012.

CHAIRMAN GRAHAM: Go ahead and explain why we're going from 120 to 10.

MR. SCHMIDT: Sure. In the other --

REP. CHANDLER: Try to explain.

MR. SCHMIDT: The other agency certainly may --

CHAIRMAN GRAHAM: Well -- and if they do have something, then you don't own the property at the moment.

MR. SCHMIDT: Right. What it is is when the original appraisal was done, there was an amount factored in for the renovation. When Mr. Conner actually hired an architect and a historic

preservation, those estimates came in a lot higher. They actually had two options.

One was to not do anything to the particular ell except for mothball it. That was approved by DHR, and that estimate is 540,000 -- in the range of 540,000 to 660,000. To do a complete renovation is 680 to \$850,000. So it was drastically higher than originally anticipated by Mr. Conner.

I do feel we have a situation where we have an interested party that has the expertise, and it certainly is something that the Department of Fish and Game has not been able to maintain. And, again, not speaking for them, but going forward it appears that they -- they will continue with that.

CHAIRMAN GRAHAM: I mentioned to you outside of here, and I'll bring it up here, what do we do if we sell it to them at this reduced price, and he doesn't do the renovations? What happens?

MR. SCHMIDT: Yeah. And I would actually look towards DHR as the enforcement to the covenants. We are obligated from the 101 construction to -- to -- in the mitigation to protect it.

CHAIRMAN GRAHAM: Well, you're keeping most of the acreage for that.

MR. SCHMIDT: Yeah.

CHAIRMAN GRAHAM: Okay.

MR. SCHMIDT: I think there's 226 acres.

MR. MILES: Something like that.

MR. SCHMIDT: And we're keeping -- we're separating out five.

CHAIRMAN GRAHAM: Yeah. Senator Rausch.

SEN. RAUSCH: Maybe this is more for later discussion, but who determines all of these restrictions? I mean, we have so many restrictions. I read through here, and I can appreciate what it would cost to renovate this. We put all these restrictions on it, and we basically are going to give the property away so somebody restores it. If we don't give it away, that building is just going to deteriorate and be gone.

And why is it we have to put so many restrictions that basically will make the property worthless, and if it's worthless, there is no historic value because it eventually is going to collapse. I mean, I read through here, and I can't believe it. It makes no sense. And now Representative Graham is correct. How do we know that after we give it to him he's going to do what the restrictions say? Because he now actually owns the property.

MR. SCHMIDT: Well -- and one alternative to that would be -- and as far as who comes up with the -- let me back up. The restrictions, I believe, DHR does as part of the overall permit that we -- we received, but -- I apologize. I've lost my train of thought.

REP. CHANDLER: The restrictions.

SEN. RAUSCH: After you read through here, I can understand.

MR. SCHMIDT: Oh, okay. As an alternative -- because that, too, was our concern is what happens if there was a natural disaster. We could enter -- we could have a reverter clause in the deed. That would -- one option would be to allow Mr. Conner to purchase the value -- purchase at full value, the 120,000, which was approved previously by the Committee, and that would have a five percent compounded interest applied per year. We probably would look at a max maybe 15 years or something to that effect, but that's an option in a reverter-type clause.

CHAIRMAN GRAHAM: Representative Nevins.

REP. NEVINS: Thank you, Mr. Chairman. I remember this vote several months ago. If I remember, Mr. Conner is a family -- is a family member; that is, a younger family member. The original homestead was owned by grandfather perhaps.

MR. SCHMIDT: Great-grandfather.

REP. NEVINS: Great-grandfather. Very good. And we voted on it very quickly because we saw the great advantage. I drive by very often on 101, and, from a selfish standpoint, I would love to see that place renovated. It would be gorgeous, and you would see a sense of history of New Hampshire by going by there. It is a wreck or turning into a wreck.

CHAIRMAN GRAHAM: Is there a question here?

REP. NEVINS: Yes. The question is did we know? Did we know that before? Did Mr. Conner know that, the amount of cost on renovating, prior to we voting on it and passing that 120,000?

MR. SCHMIDT: No.

REP. NEVINS: He did not know.

MR. SCHMIDT: No, it was subject to the approval of this Committee that he did this additional research.

REP. NEVINS: All right. I -- I would -- I mean, I can't vote on this one, but I would recommend, if you could, it would make sense then now if he didn't get it until afterwards.

CHAIRMAN GRAHAM: Yes.

REP. CAMPBELL: Thank you. Thank you, Mr. Chairman. You know, I think maybe a reversion clause in a deed -- I mean, there's so many restrictions on this deed already, one more is not going to hurt.

(Laughter.)

REP. CAMPBELL: And I don't know. Maybe having some kind of reversion to the State so there's some kind of enforcement, but that's something maybe that we could have the Attorney General's Office prepare. I don't know if it's something we should do. Would it be subject to that or do we want to

see something like that?

CHAIRMAN GRAHAM: If I may, I -- I don't know whether I'll even be on this Committee next -- next term, but speaking right now I think that we need to have some legal counsel look at a reverter clause, and then you come back with this item again because it's going to be the first of the year before --

MR. SCHMIDT: Sure.

CHAIRMAN GRAHAM: -- so you can get that opinion before the new Committee. So I think that would be the way to do it, and, you know, whatever the future speaks -- whoever the future Speaker and President appointed here --

MR. SCHMIDT: If I may?

CHAIRMAN GRAHAM: -- will have to deal with it. Senator Rausch. Well, I mean, he can buy it for 120 right now.

SEN. RAUSCH: I mean, I -- I agree. I'm okay with having 11,000. I'm okay with selling it at that reduced price as long as there is a reversion clause, but I don't -- I guess the only part I disagree is I don't know why it has to come back here. If we tell them it has to be in there, why do we have to see it again as long as the clause is there?

MR. SCHMIDT: If I may, we have already consulted with the Attorney General's Office, and they're on board with it. We haven't developed the exact wording because I wanted to get feedback from

this Committee, but they -- they are on board.

SEN. LARSEN: I'm sorry. Can you clarify? They're on board with putting a reverter clause in? Is that what you're saying?

MR. SCHMIDT: Yes.

SEN. LARSEN: Okay.

CHAIRMAN GRAHAM: Representative Chandler.

REP. CHANDLER: One thing I was wondering is this Committee should see how long is that. I mean, you can put a reverter clause in. If it's 99 years, that doesn't quite accomplish much. I think we should see what it is, the terms of it, but nonetheless my question is these people were paid for this property, right?

MR. SCHMIDT: I'm sorry?

REP. CHANDLER: These people were paid for this property at some point in time.

MR. SCHMIDT: That's correct.

REP. CHANDLER: And how much?

MR. MILES: The State did not acquire from the Conner family. The Conner family sold to another individual --

MR. SCHMIDT: Right.

MR. MILES: -- and that's who the State

acquired from.

REP. CHANDLER: So at some point they got paid for the property by somebody, and then the State paid somebody else for it.

MR. MILES: Right.

REP. CHANDLER: Okay. And I think Representative Rausch touched upon it. Is there some indication that people are willing to pay that much to renovate this place?

MR. SCHMIDT: Oh, yes. He -- he has reached out and --

REP. CHANDLER: So the benefit -- we're here charged to try to get the most money back to the Highway Fund --

MR. SCHMIDT: Correct.

REP. CHANDLER: -- that we can. This isn't doing that. This is so far from doing that, that it's off the chart from doing that. So we're not -- we're not doing what we're supposed to be doing, I don't think, unfortunately, so. But.

CHAIRMAN GRAHAM: Are there any further questions?

REP. CAMPBELL: One more point. I -- I -- the reason I think we should have a reversion clause, as I think about it, is is it a forever reversion clause? If somebody -- some descendant doesn't keep it up, does it revert to the State of

New Hampshire or is it something we want to basically make sure this person does, so he has to bring it to historic levels in 10 years? I think that's something that we need to look at. I think it's not just legal.

SEN. RAUSCH: All right.

REP. CAMPBELL: So I move --

CHAIRMAN GRAHAM: One moment.

MR. GLENN NORMANDEAU, Executive Director, Department of Fish and Game: If you don't mind.

CHAIRMAN GRAHAM: Name.

MR. NORMANDEAU: Glenn Normandeau, Director of Fish and Game. I understand how this became our property. I don't understand who it was, which one of my predecessors accepted this building. But to Representative Chandler's point, the issue here is really that you have a piece of land which in and of itself has, I think, some significant value.

The structure represents essentially a three-quarter to one-million-dollar, you know, hole, and so when you put the two together -- and you can't separate them because of the deed, you know. As we've read, it's -- you know, there's no way apparently out of it. We were all supportive of trying to do something that would relieve some of that from a potential buyer, and apparently there's no legal way for us to do so.

So, you know, if you look at the -- you know,

the plus versus the minus, you know, I mean, believe me, I've been -- had this millstone around my neck since I started here, and I want to put a four-by-eight piece of plywood up on the wall saying house for free pointed at 101, you know. I mean, it's been something that's been hanging with us -- or with the Department for -- well, you know, in the four and a half years I've been here we've been trying to find a resolution to this thing, and the only thing that has come along is Mr. Conner, who, because of the fact that when he was a kid in the forties when his family owned it, has, you know, emotional attachment to this -- to the joint is the -- it's sort of the one thing we've got to get us out of the situation, if you will.

So while I appreciate the -- I certainly appreciate the financial interest, and we actually -- you know, he was on the phone. We had a large meeting on this some weeks back trying to come to some sort of resolution. And -- um -- you know, we're just not in the business of -- um -- of -- um -- antique restoration at Fish and Game.

And, again, speaking to the whole purchase, of course the bulk of the 200-plus acres remains with the Department, which is, you know, what we sort of got sucked into -- into the building to get. So I just put it out there that -- that, you know, if you add the negatives to the positives, I mean, my own view is -- he -- he's aware that -- that should he spend that kind of money on the restoration, it is very unlikely in his lifetime he would ever see anything but a loss if the property was ever sold. He's doing it because he has emotional strings attached to the site essentially.

So I just put that out there to you, and I appreciate your time.

CHAIRMAN GRAHAM: Representative Campbell.

** REP. CAMPBELL: Mr. Chairman, I move that we move approval of this item with the amendment that the Attorney General put a reversion clause in it that says that these total renovations will take place within 10 years of the sale date acceptable to the Attorney General.

SEN. RAUSCH: I'll second it.

CHAIRMAN GRAHAM: Everybody clear on the motion?

REP. CAMPBELL: Yeah. Just to get it done.

CHAIRMAN GRAHAM: Any discussion?
Representative Chandler.

REP. CHANDLER: I will point out to the Director that you're authorized to give that back to D.O.T. anytime you want.

MR. NORMANDEAU: I would sign tomorrow, but they won't take it --

(Laughter.)

MR. NORMANDEAU: -- because they don't want to be stuck with the house.

REP. CHANDLER: We can make that motion.

(Laughter.)

MR. SCHMIDT: The D.O.T.

REP. CHANDLER: My question is -- certainly my question -- or I have a question. It's just the guy in the trench. He's not sure. I don't know if 100 -- it's not worth zero because if the building isn't there, the five acres is worth something. And then if you wait a little while, the building isn't going to be there, and then we can do what we're supposed to do and give that money back to the Highway Fund.

That's my -- I mean, the restrictions placed on this are crazy, in my opinion, and it's circumventing what we're here charged to do, but somewhere between 10 and 120 is a reasonable number we ought to be getting. I just don't think 10 is it. I don't know if 50 is it, 30, 70. I'm not sure. But if someone is willing to spend between whatever it is, 600 and \$800,000 on renovating a building, I don't think another 30 or \$40,000 for purchase price is going to make much of a difference in that. I'm sorry.

We just went through this on the previous one where we stuck to the appraisal, and now we're saying -- and I am sure that probably this person has more money than the other. I don't know. It just seems like that's not the right approach. I don't know.

CHAIRMAN GRAHAM: Senator Rausch.

SEN. RAUSCH: Thank you, Mr. Chairman. And I

guess I did read through here. I learned what an ell, E-L-L, was. I never knew that. Part of it is --

CHAIRMAN GRAHAM: You didn't grow up around here, did you?

SEN. RAUSCH: Well, no. We called them breezeways. Part of the problem with this is that part of the package is he can't afford to do the ell, but he has to mothball it. The restrictions on here are -- people should be ashamed. It's -- I guess at this point this is a pig in a poke. Get rid of it. I'm okay with 10,000 or whatever, I think, if we do anything.

But, to me, here's the example of this -- we're using Highway Fund money for historic preservation. I mean, everything in here is restoring property. We find out Fish and Game didn't want it. We find out D.O.T. doesn't want it, but it's all highway money wrapped up into this thing, and we have to buy land for highway purposes. If there's historic value to it, I'm sorry. Somebody else has to deal with that other than Highway Fund money.

REP. CHANDLER: You don't have to. You can vote no.

SEN. RAUSCH: Well, now we got to get rid of it. Nobody wants it.

REP. CAMPBELL: We're playing with adults here.

SEN. RAUSCH: Well, it's a lesson to be

learned.

CHAIRMAN GRAHAM: All right. There is a motion on the floor. Was it seconded?

SEN. RAUSCH: I seconded it.

CHAIRMAN GRAHAM: All right. Any further discussion? Everybody clear on what the motion is? All those in favor, signify by saying aye. Opposed, nay. The ayes have it.

***** {MOTION ADOPTED}**

CHAIRMAN GRAHAM: From the Department of Administrative Services, item 12-053. Chuck, you're not up for the leases, are you? There's more D.O.T. stuff coming.

MR. SCHMIDT: Actually, I signed the memo. Mr. Barker will be addressing that.

CHAIRMAN GRAHAM: All right.

MR. MICHAEL CONNOR, Director, Plant and Property Management, Department of Administrative Services: Mr. Chairman, Members of the Committee, for the record, my name is Mike Connor. I serve as a Director of Plant and Property Management for the Department of Administrative Services, and I'm here today to seek your approval of an amendment to a current lease of State-owned property known as the Sixth Circuit District Division Concord Courthouse, formerly known as the Concord District Courthouse, located at 32 Clinton Street in Concord.

The City of Concord currently leases approximately 351 square feet of office space for the City Prosecutor. The current lease expired on August 30th of this year, and this request will amend the lease to extend the term of the period for three months until November 30th of 2012.

The State has been leasing space to the City since the building was built. The State notified the City in January of this year that they needed the office space for court purposes. This request is retroactive because the City discovered in midsummer that their new office space would not be ready for them in time. The City needs the extra time to complete the renovations for their new location. The rental rate will remain the same at 13.74 per square foot, and I'd be glad to answer any questions that you may have.

CHAIRMAN GRAHAM: Questions.

****** SEN. RAUSCH: Move to accept.

REP. CHANDLER: Second.

CHAIRMAN GRAHAM: Moved that we accept item 12-053. Any discussion? Seeing none, all those in favor, signify by saying aye. Opposed, nay. The ayes have it, and it is approved.

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

CHAIRMAN GRAHAM: From the Department of Transportation, item 12-054.

MR. LOUIS BARKER, Railroad Planner, Bureau of

Rail and Transit, Department of Transportation:
 Good morning. I'm Lou Barker from the Bureau of Rail and Transit, Department of Transportation. The Department requests, pursuant to RSA 440 and RSA 228:57, to enter into a lease with Channel Marine for a parcel of land, 3,600 square feet on the Concord to Lincoln railroad corridor. The terms of the lease are \$875 per year, for a total of \$4,375 for a five-year term. There will be a five-year renewal provision and a one-time administrative fee of \$1,100.

CHAIRMAN GRAHAM: Questions?

****** SEN. RAUSCH: I'll move to accept.

REP. CHANDLER: Second.

CHAIRMAN GRAHAM: It's been moved and seconded that we accept item 12-054. Any discussion? Seeing none, all those in favor, signify by saying aye. Opposed, nay. The ayes have it.

***** {MOTION ADOPTED}**

CHAIRMAN GRAHAM: From the Department of Resources and Economic Development, item 12-056.

MR. CHRISTOPHER GAMACHE, Chief Supervisor, Bureau of Trails, Department of Resources and Economic Development: Good morning, Mr. Chairman, Members of the Committee. For the record, my name is Chris Gamache, Chief Supervisor of the Bureau of Trails of Resources and Economic Development. Our request is authorization to execute a 30-year right-of-way easement over State land known as Jericho

Mountain State Park in exchange for a recreational easement over property of Jericho Power, LLC.

They own abutting land just east of the park and are looking at wind development. I believe it's -- it has all of its permits and approvals from the City of Berlin. The access to their mountaintop is basically inaccessible for construction. We have an existing gravel, logging haul road that goes to the site that they're looking to use.

CHAIRMAN GRAHAM: Questions? Senator Rausch.

SEN. RAUSCH: After completion of the project, the access road will be useable for ATVs for -- for --

MR. GAMACHE: Yes, Senator. It is today.

SEN. RAUSCH: For the construction process it is not accessible, though; is that correct?

MR. GAMACHE: It is accessible today. It will continue to be in use while they are building. They will insure us, and we would close the road only temporarily when they're -- the long trucks with construction materials, but otherwise the road is in use today and will be improved and continue to be in use in the future.

CHAIRMAN GRAHAM: Senator Gallus.

SEN. GALLUS: Thank you, Mr. Chairman. The recreation easement over their property, what does that involve?

MR. GAMACHE: We have an existing ATV trail on their property today that we built. We would retain the right to use that as well as gain three additional trails on high elevation for scenic views, and they control the two points that we have for our cross-city Berlin Trail coming out of the park.

CHAIRMAN GRAHAM: Further questions from the Committee?

****** SEN. GALLUS: Move to approve.

REP. CAMPBELL: Second.

CHAIRMAN GRAHAM: It's been moved and seconded that item 12-056 be approved. Any discussion? Seeing none, all those in favor, signify by saying aye. Opposed, nay. The ayes have it, and the item is approved.

******* {MOTION ADOPTED}

CHAIRMAN GRAHAM: From Department of Resources and Economic Development, item 12-057.

MR. GAMACHE: Thank you, Mr. Chairman. Again, I'm Chris Gamache, Chief of the Trails Bureau. I believe this one, even though I do have land agent Bob Spoerl to answer specifics, if needed, but it's requesting authorization to sell a camp building at the William Thomas State Forest in the Town of Hill.

Basically we're seeking authorization to go out

to competitive bid to find someone that will buy and remove this camp from the property. It was on the property when the land was deeded to the State. It was a gift from a family. Their intent had been to remove this camp building prior to transferring ownership, but the family did not, and it's become basically an attractive nuisance and an issue for us to manage, so we'd like to get it off the property.

CHAIRMAN GRAHAM: And if you do not sell it, what will you do with the building?

MR. GAMACHE: Dan's gone, so we would probably -- we would either look to move it ourselves or demolish it in some fashion.

CHAIRMAN GRAHAM: Okay.

REP. CHANDLER: I realize this probably -- it just seems too bad. It looks like it's an okay structure, isn't it? I mean, I'm not saying it's great, but it just seems too bad there wouldn't be some use for it. Maybe Boy Scouts or --

CHAIRMAN GRAHAM: Make sure you identify yourself.

MR. ROBERT SPOERL, Land Agent, Division of Forests and Lands, Department of Resources and Economic Development: Bob Spoerl, land agent, Forests and Lands.

REP. CHANDLER: So -- yeah --

MR. SPOERL: It is a nice building.

REP. CHANDLER: Yeah, and it just seems too bad there wouldn't be some use. As I say, Boy Scouts, Conservation. Maybe Fish and Game. The Director is gone.

(Laughter.)

REP. CHANDLER: Or something. It just seems too bad, but I don't know.

MR. SPOERL: Yeah, but the -- when we initially started this whole process we were looking at doing similar to one of the camps at Nash Stream where they would buy the building, remove it from our responsibility, but they would lease the land.

REP. CHANDLER: Um-hum.

MR. SPOERL: The executrix of the estate challenged us on that and does not want that to happen. She has no problem with us selling the building to have it removed but does not want it in any way leased or sold and stay where it is.

CHAIRMAN GRAHAM: Further questions?

REP. CHANDLER: If I might add?

CHAIRMAN GRAHAM: Yes.

REP. CHANDLER: I mean, she can wish that if she wants, but you own it, and there's nothing in the deed that says you have to move it.

MR. SPOERL: No. Our choice. We have no use for the building, so it would be either --

REP. CHANDLER: No, no. I'm just saying the executrix can offer her opinion, but it is not binding in any way.

MR. SPOERL: She could challenge us that we're not following the deed.

REP. CHANDLER: No, that's not what I said. Does the deed -- follow-up?

CHAIRMAN GRAHAM: Follow-up.

REP. CHANDLER: Does the deed say the building shall be removed?

MR. SPOERL: No. It transferred to us completely, but -- um --

REP. CHANDLER: All right. Thank you.

MR. SPOERL: -- she's indicated she would challenge us.

REP. CHANDLER: Okay.

CHAIRMAN GRAHAM: All right.

REP. CHANDLER: I've asked.

CHAIRMAN GRAHAM: Further questions? What's the will of the Committee?

****** SEN. LARSEN: I move approval.

REP. CAMPBELL: Second.

CHAIRMAN GRAHAM: It's been moved and seconded that item 12-057 be approved. Any discussion? Seeing none, all those in favor, signify by saying aye. Opposed, nay. The ayes have it.

***** {MOTION ADOPTED}**

CHAIRMAN GRAHAM: And moving on to Department of Employment Security, item 12-059

MR. GEORGE COPADIS, Commissioner, Department of Employment Security: Good morning, Mr. Chairman, Committee Members. George Copadis, Commissioner of Employment Security, and we're here today. Employment Security requests authorization to amend LRCP 12-042 approved September 18th, 2012 to allow New Hampshire Employment Security to sell, without the services of a real estate broker, for the current market value the following properties located at 32-34 South Main Street, Concord; 10 West Street, Concord; 298 Hanover Street, Manchester; and 300 Hanover Street, Manchester, assess an administrative fee of 1,100 per property, and allow negotiations within the Committee's current policy guidelines, as specified in the request dated November 14th, 2012.

On September 18th, the Committee voted to approve the New Hampshire Employment Security request to sell the above-described properties for the current market value. On October 17th, the Governor and Executive Council voted to authorize the New Hampshire Employment Security to sell the above-described properties pursuant to RSA 4-40.

Subsequent to receiving the approval of the Committee and approval from the Governor and Executive Council, New Hampshire Employment Security indicated to the Department of Administrative Services that it intended to proceed without the services of a real estate broker in order to save the broker's commission estimated at \$234,000 and apply this savings toward the repayment of the bonds being used to finance the renovation of the Tobey Building.

New Hampshire Employment Security was advised it would need approval from the Committee. If approved by the Committee, New Hampshire Employment Security is confident that it would be able to competently handle the transactions with its own in-house counsel, legal counsel, and which is -- which have a great deal of real estate experience.

New Hampshire Employment Security would simultaneously issue separate RFPs for each property, except 32-34 South Main Street as the City of Concord has exercised its right of first refusal and will be issuing its own RFP. New Hampshire Employment Security would wait to issue the RFPs until January, 2013 upon receiving updated appraisals for the properties. The existing appraisals are slightly dated, having been conducted in June of 2011.

New Hampshire Employment Security received approval from the Governor and Council on November 14th to have new appraisals conducted for all four properties and expects to have these new appraisals by early January. Employment Security would allow 10 to 12 weeks for interested parties to

make sealed bids by a specified deadline.

New Hampshire Employment Security would market the properties utilizing low to no-cost, on-line listing services for commercial properties. Employment Security would also utilize newspaper advertisements, would also send copies of each RFP to real estate developers and brokers on a list to be provided by the City of Concord.

Therefore, Employment Security's confident that it can adequately market the properties just as would be the case if Employment Security was utilizing a real estate broker. All property tours requested by interested parties and questions submitted will be conducted and handled by Employment Security staff, which is required due to the sensitive nature of the information held by Employment Security.

All sealed bids received by the specified deadline would be opened, and then Employment Security would negotiate the terms of the purchase and sale agreement with the highest qualified bidder for each property, subject to approval by the Governor and Executive Council. If there's a lack of interest in any of the properties or the bids received are well below current market value, then Employment Security would strongly consider enlisting the services of a real estate broker at that time. And no, we're not interested in changing any of these properties for any of the previously mentioned properties.

CHAIRMAN GRAHAM: That least piece, how long were you looking at trying to do it yourself?

COMMISSIONER COPADIS: Ten to 12 weeks.

CHAIRMAN GRAHAM: I think that's probably ambitious, but. Senator Rausch.

SEN. RAUSCH: Thank you, Mr. Chairman. Thank you, Commissioner. I guess my only question is that we have approved the bonds for renovation, and some of that was based upon the sale of this property. And I thought actually we were further along in that process. So can you tell us where we are with the commitment of the bonds for restoring Tobey and the sale of these properties? Are we in any -- are we still okay?

COMMISSIONER COPADIS: We're still okay, yes.

CHAIRMAN GRAHAM: Representative Chandler.

REP. CHANDLER: Thank you. Yes. My question is regarding the Concord situation, and I'm very concerned that, in my opinion, the right of first refusal that the City has means they can buy it. I don't believe that the right of first refusal as is written allows someone, the City, for instance, to say okay, we're going to exercise our right of first refusal; now we're going to go try to find someone to buy it. I'm concerned that that's not the process.

Now, if someone can correct me and say that the process does allow for that, I'm fine, but I don't think it does. I'm sorry. And I'll listen to Mr. Connor or anyone else, but -- is that the lawyer sitting there?

COMMISSIONER COPADIS: Yeah, the Governor and Council had approved that based upon the request from the City of Concord. The City of Concord obviously has a plan in place for developing Main Street, and, you know, we have no issue with the plan or them acting as broker provided that the -- that the Department when and if the property -- when the property is sold that we're going to get the value of the property as is. And once the bids -- once the bids on the property are put in place, those bids -- you know, the final approval comes from Governor and Council.

REP. CHANDLER: And if I may?

CHAIRMAN GRAHAM: Follow-up.

REP. CHANDLER: With all due respect to the Governor and Council, I don't think it is within their authority to do that. I'm sorry. But that's -- I remain that the law doesn't allow for that. I'm very happy to allow the City of Concord --

CHAIRMAN GRAHAM: I -- I will give you a chance to join with me on a bill that I'm submitting on what exactly that right of first refusal means.

REP. CHANDLER: Okay. Thank you.

REP. CAMPBELL: I'll make a motion. Go ahead.

SEN. RAUSCH: I guess I've got a question is that -- I mean, I have certainly dealt with right of first refusals before, and I'm assuming Concord

purchases the property because it is right of first refusal. If they have to purchase it, they can then turn around and resell it. But I believe right of first refusal says they have to take it in their possession, and then they can do whatever they want with it.

REP. CHANDLER: That's not -- that's not what's happening.

CHAIRMAN GRAHAM: Yeah.

SEN. RAUSCH: Then everything I know about --

CHAIRMAN GRAHAM: We will take care of that at the next session hopefully.

****** REP. CAMPBELL: I move the item before us.

SEN. GALLUS: Second.

SEN. LARSEN: Second.

SEN. GALLUS: Third.

CHAIRMAN GRAHAM: It's been moved and seconded that we approve item 12-059. Any further discussion? Seeing none, all those in favor, signify by saying aye. Opposed, nay. The ayes have it.

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

COMMISSIONER COPADIS: Thank you, Chairman.

CHAIRMAN GRAHAM: From the Department of

Administrative Services, item 12-060.

MR. CONNOR: Mr. Chairman, Members of the Committee, again, Mike Connor from Administrative Services. I'm here today to seek your approval for a three-year lease of State-owned property known as the Rockingham County Courthouse located in Brentwood to Rockingham County. Rockingham County is looking to lease approximately 18,053 square feet of space for several county functions, including Registry of Deeds and the County Attorney.

In return for the rental space, the Rockingham County agrees to pay the State \$532,920 over the next three years as follows. In year one, the County will pay approximately \$9.74 per square foot; in year two, \$9.84 per square foot; and, finally, in year three, \$9.94 per square foot. The County provides their own janitorial services for their space currently. This covers the cost of operations plus two percent of the capital cost of the facility. I'd be glad to answer any questions that you may have.

****** SEN. RAUSCH: Move to accept.

REP. CHANDLER: Second.

CHAIRMAN GRAHAM: It's been moved and seconded that we approve item 12-060. Any discussion? Seeing none, all those in favor, signify by saying aye. Opposed, nay. The ayes have it.

******* {MOTION ADOPTED}

CHAIRMAN GRAHAM: Department of Fish and Game,

item 12-062.

MR. RICHARD COOK, Land Agent, Department of Fish and Game: Good morning, Mr. Chairman, Members of the Committee. My name is Richard Cook. I'm a land agent for the Fish and Game Department, and I'm here today to request authorization of the sale of 0.58-acre parcel of State-owned land located on Conner Pond in Ossipee for \$11,500 to James Rines as agent for his aunt and uncle, abutters, and assess an 1,100-dollar administrative fee, as specified in the request dated November 12, 2012.

REP. CHANDLER: I have a question.

CHAIRMAN GRAHAM: Question.

REP. CHANDLER: Well, in addition to being opposed to this, has Milan Welch been approached to see if they want to buy it or any other abutters? I guess that's the only other abutter.

MR. COOK: Not at this point.

REP. CHANDLER: I'm very concerned about that. All of a sudden -- well, first of all, I would seek to be opposed to it because I see no reason -- this is a State-owned facility. It's a State-owned boat launch. Why you would be selling land abutting that? I -- it makes no sense to me especially for that minuscule amount of money. And especially it should go out for some kind of bid at least to the two abutters, in my opinion. So that's my opinion.

MR. COOK: We were approached by Mr. Rines earlier this year, and after an internal review of

the property, which is sort of a crazy shape, as you'll notice from the --

REP. CHANDLER: Um-hum.

MR. COOK: -- survey attached to your packet. Internally we decided that the land was surplus to our needs, that we had sufficient area to expand in the future if we needed, and -- um -- the -- the receipt of the sale, which is fair market value based on an appraisal, would be put back in the Boat Access Fund.

REP. CHANDLER: If I may, another question?

CHAIRMAN GRAHAM: Follow-up.

REP. CHANDLER: The other thing that -- it concerns me. I realize this is technical a little bit, but the survey doesn't consider this as pond frontage. Now, you can say technically you can walk from this property to the pond. I mean, the point is right on the water. So it's --

MR. COOK: Well, it's --

REP. CHANDLER: No one --

MR. COOK: -- what? Five or six feet from the water.

REP. CHANDLER: But the water is -- no one owns between this point and the water. So there is -- there's access from this property to the water.

MR. COOK: There already is. This property has a right of way across our property to the water.

REP. CHANDLER: That's the one that goes down to the --

MR. COOK: I think there might be a detail that you can't see on yours that shows the distance. It's 1.4 feet from the point to the water.

REP. CHANDLER: But there's no -- excuse me -- there's no ownership between --

MR. COOK: Well --

REP. CHANDLER: So there's no one to say --

MR. COOK: Well, the State owns on one side of the line, and on the other side of the line actually Mr. Rines owns, so there's -- the property line continues right to the point -- right to the water, but the lot to be sold, the 0.48 acres, does not go all the way to the water.

REP. CHANDLER: Well, I'm against it anyway.

REP. CLOUTIER: Mr. Chairman, a question. It says on the initial -- at the top approval to sell for \$11,500 and access and \$1,100 administrative fee, but further down it says Mr. Rines agrees to pay all transaction costs, a 1,400-dollar administrative fee as well as fair market value for the 0.58 acres. I'm a little confused why a different administrative fee, which is an unusual amount.

MR. COOK: That's an error on my part.

REP. CLOUTIER: That's an error. It's just an error, that \$1,400?

MR. COOK: Yeah. Sorry.

REP. CLOUTIER: Okay.

MR. COOK: The administrative costs were a survey of the parcel. Um -- Department of Resources required an archaeological phase one, and we did a -- um -- well, I guess that's it.

REP. CLOUTIER: A follow-up, Mr. Chairman.

CHAIRMAN GRAHAM: Yes.

REP. CLOUTIER: So the total would be 11,500 plus an 1,100-dollar administrative fee? Is that what you intended?

MR. COOK: Yes.

REP. CLOUTIER: So \$11,500 plus an 1,100 administrative fee.

MR. COOK: Yes.

REP. CLOUTIER: Thank you.

REP. CAMPBELL: Thank you, Mr. Chairman. I guess I'm also concerned about process here. If Mr. Connor came to Fish and Game and said I'd like to buy that piece of property; he looked at it, does have access, appraised it, and they're now selling

it to him without offering it to anybody else, I think we have a process problem. Is that how it went down?

MR. COOK: That's how it went down, yep.

CHAIRMAN GRAHAM: Further questions?

****** SEN. LARSEN: I move to table the item.

REP. CHANDLER: Second.

CHAIRMAN GRAHAM: It's been moved and seconded that we table item 12-062. There being no discussion, all those in favor of that --

SEN. BRADLEY: There's a member of the public who wishes to be heard.

CHAIRMAN GRAHAM: Was there? Okay.

SEN. LARSEN: I'll withdraw my motion.

CHAIRMAN GRAHAM: Withdraw the motion. So if you could let -- if you could back off for a minute.

MR. RINES: Just sit with Rich?

MR. COOK: Oh.

CHAIRMAN GRAHAM: Yeah.

MR. JAMES RINES, New Hampshire citizen: My name is Jim Rines, and I -- my aunt and uncle are interested in purchasing this.

Um -- the genesis of this is their current easement that they have goes down to the pond. When the State improved this last year, there's a large rock right here. And now that every time everybody's using this boat access, and it's being used much more, they're going over and doing their business over here. There's feces that my aunt and uncle have to walk around and over, toilet paper, beer cans, soda cans.

That's why they -- they came forward or why I suggested to them -- I said I've gone through this process once with D.O.T. and acquired surplus land. In answer to Representative Chandler's comment, my wife and I happen to own the abutting property. This was an old range line. It comes in at a very acute angle. So there is no water frontage. Where this line comes down it hits our property line. So Fish and Game owns on this little piece here. My wife and I own here. My aunt and uncle would come to a point here.

This property was -- I think it's your typical process. The Town of Ossipee and the Carroll County were notified about this to see if they had any interest. Um -- I know that's not an abutter, but, as you can see, it's so uniquely configured and goes up to such an odd point, and the fact that my aunt and uncle have an easement there that now they're having problems as a result of these improvements, we were simply hoping that the -- that after unanimous approval by the Board that this Committee would consider the request. And I'd be happy to answer any questions.

REP. CAMPBELL: Thank you, Mr. Chairman. I understand what you're saying, and I don't think probably the Committee -- I'm not speaking for the Committee, but myself, has a problem with what you just showed us, but the process is so that other people could have a chance to -- at least to buy it for the same fair market value. I mean, we can't -- we're not in a position to start cutting deals with abutters, especially with other landowners. I mean, we've done it before with landlocked people, but it's not a landlocked parcel. And other abutters, I think they should at least have an opportunity. If they say no, you can come back in January, and I'm sure you would find favorable response, but, I mean, I think we do have a basic process problem here based on what we've done during the past, Mr. Chairman.

REP. NEVINS: Further discussion on Representative Campbell's point?

CHAIRMAN GRAHAM: No.

REP. NEVINS: No? Okay.

REP. CAMPBELL: One last question.

SEN. LARSEN: I -- I agree that there -- I see other names of abutters in this area, and I think although it might have been published in a local newspaper such as we do with public notices, people miss those things, so I do think -- I am not familiar with Conner Pond or the size of it, but it appears that there might be people who would have an interest, and I think we can't offer it to the first bidder with the risk that other people weren't aware

that it was potentially available.

CHAIRMAN GRAHAM: So back to your original motion?

** SEN. LARSEN: I would move to table it with the understanding that it would be adequately noticed for sale in the way that at least the abutter is notified.

CHAIRMAN GRAHAM: Hold on.

MR. RINES: I would just offer that Milan Welch -- my wife and I are the only other abutter besides Milan Welch, and before my aunt and uncle had acquired their property I had offered Milan Welch property behind his lots, and he was not interested in acquiring it. And it was for, you know, a nominal amount of money as well, but that's just for your information.

REP. CHANDLER: Is there a motion?

** SEN. LARSEN: I move to table with the understanding of the adequate notice to abutters.

REP. CHANDLER: Should we get a deal?

REP. CAMPBELL: You have an interest first. If there's no interest -- I mean, if there's no interest it's a done deal. If there is interest, then we have to figure something else out, right?

CHAIRMAN GRAHAM: Yeah. Well, Senator Larsen has made a motion to table this item. Is there a second?

REP. CHANDLER: Second.

CHAIRMAN GRAHAM: Thank you. All those in favor, signify by saying aye. Opposed, nay. The ayes have it.

*** {MOTION ADOPTED}

MR. COOK: Thank you.

CHAIRMAN GRAHAM: We're on the New Hampshire Liquor Commission, item 12-065.

MR. CRAIG BULKLEY, Chief of Administration, New Hampshire Liquor Commission: Good morning, Mr. Chairman, Members of the Committee. For the record, my name is Craig Bulkley. I'm the Chief of Administration of the Liquor Commission, and I am here to request authorization to grant a 20-by-464-foot utility easement to PSNH and Northern New England Telephone Operations, LLC d/b/a FairPoint Communications Northern New England to construct a 464-foot, three-phase line extension from Route 9, West Chesterfield to the new retail store's transformer and further request authorization to waive the administrative fee as specified in the request -- in my request dated November 9th, 2012.

REP. CHANDLER: Question.

CHAIRMAN GRAHAM: Representative Chandler.

REP. CHANDLER: You're asking to waive the fee.

MR. BULKLEY: Yes.

REP. CHANDLER: And if I may?

CHAIRMAN GRAHAM: Yes, follow-up.

REP. CHANDLER: Who is paying to put the line in?

MR. BULKLEY: We are.

REP. CHANDLER: So you're paying -- the Liquor Commission, the State of New Hampshire, is paying to install the line. Public Service is going to get the money from selling the electricity, and we're going to give them a free access to get it there. Is that a summation of what's happening?

MR. BULKLEY: Well, primarily it's my understanding that we're paying for the transformer and the labor to install it, which you -- you'd have to do anyway whether you had a right of way or not.

REP. CHANDLER: But, also, there's a line -- the transmission line. We're paying for that, also.

MR. BULKLEY: Well, the structure is located a good distance from Route 9 such that we had to bury conduit and run it from a pole -- a new pole that they will have to plant and run the line from there underground to the transformer.

REP. CHANDLER: Could I read back my question again?

CHAIRMAN GRAHAM: Yes.

REP. CHANDLER: So I'd like to -- and if this is not true, just let me know. So we -- the State of New Hampshire is paying to construct everything, and then we're going to pay Public Service for the electricity with no break for a few months or anything. Is that correct?

MR. BULKLEY: Correct.

REP. CHANDLER: Thank you.

CHAIRMAN GRAHAM: Further questions?

SEN. RAUSCH: Is it also not correct that if you don't get the electricity, you cannot operate the facility?

MR. BULKLEY: It is, Senator. And I have to say this whole process has held up the completion of this building probably by two months because of having to go through this process. And I guess I would encourage the Committee to look at situations like this and to try to figure out a better way to expedite requests of this nature so that, you know, in the event -- in this case we're losing revenue for every day that we don't open the store. So we're just -- I'm just looking to get this done so we can get the easement signed. Public Service will not do any work without the easement in hand because they say -- they claim they've been burned by the State in the past.

(Laughter.)

REP. CHANDLER: You know, further ensuring my no vote. Thank you very much. Why would we be doing anything to participate with Public Service?

CHAIRMAN GRAHAM: All right. Hold it down.

****** SEN. RAUSCH: I move to accept.

REP. CAMPBELL: Second.

CHAIRMAN GRAHAM: It's been moved and seconded that we approve item 12-065. All those in favor, signify by saying aye. Opposed.

REP. CHANDLER: No.

CHAIRMAN GRAHAM: No. The ayes have it.

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

MR. BULKLEY: Thank you, Mr. Chairman.

CHAIRMAN GRAHAM: From the Department of Administrative Services, a one-dollar lease.

MR. CONNOR: Mr. Chairman and Members of the Committee, for the final time today, I think, I'm Mike Connor from Administrative Services, and I'm here today to seek your approval of a 35-year lease of the Tobey School Building located at the Governor Hugh Gallen Office Park.

The building is approximately 77,000 square feet, and Employment Security is planning to consolidate operations and fully occupy the building. The facility is currently vacant and is

being renovated with capital funds that were paid from the sale of three Employment Security buildings and other Employment Security operational funds.

The lease will be for 35 years beginning upon receipt of Certificate of Occupancy, which at this point is scheduled approximately in the fall of 2013. Under the terms of the lease, Employment Security agrees to pay Administrative Services a dollar and pay for all other necessary renovations and maintain and operate the facility at their expense. The building will remain an Administrative Services asset reverting to our control at the end of the 35-year agreement. I'll be glad to answer any questions that you may have.

CHAIRMAN GRAHAM: All right. I do have one. This is not going to be like one that we thought we were getting rid of, the Discovery Center, where we all of a sudden found out that we have a lot of -- on the hook for a lot of janitorial and maintenance and other -- that they are going to have complete responsibility for everything that happens within the building once we do this lease?

MR. CONNOR: Yes, subject to our approval, which is included in this agreement that's attached.

CHAIRMAN GRAHAM: Okay.

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

SEN. LARSEN: Second.

CHAIRMAN GRAHAM: It's been moved and seconded that this item be approved. Any discussion? If

not -- whoop.

SEN. RAUSCH: I just have a simple question is that you have done the bonding. And obviously I will vote for this, but we've done the bonding. The Department has done everything. I would think the lease would have come before they obligated themselves to bonding and renovation. Why wasn't this done beforehand?

MR. CONNOR: It's something that we've been working through the process. We had a change of Commissioners. We redid it again. So it's basically -- it probably should have come first. We had agreement amongst ourselves, but you're right. I agree that it would probably have been better sooner.

SEN. RAUSCH: Thank you.

CHAIRMAN GRAHAM: There is a motion on the floor. All those in favor, signify by saying aye. Opposed, nay. The ayes have it.

***** {MOTION ADOPTED}**

CHAIRMAN GRAHAM: Are there any late items?

MR. MICHAEL KANE, Deputy Legislative Budget Assistant, Budget Division: There are none.

CHAIRMAN GRAHAM: Thanks. I am not going to go over the informational items unless somebody on the Committee does. Before we disband, I would like to thank every member of the Committee, to include the alternates, who have shown up. Senator Gallus,

thanks for coming. You showed up Senator Barnes.

SEN. GALLUS: Always a pleasure.

REP. CAMPBELL: Your last official act.

SEN. GALLUS: It is.

CHAIRMAN GRAHAM: Your last official act. But I think that we have done some good work. I realize that sometime this week or early next week I have to sign off on a report.

MR. KANE: This week, correct.

CHAIRMAN GRAHAM: This week, okay.

MR. KANE: We'll have a biennial report of all the approvals from the Committee.

CHAIRMAN GRAHAM: Okay. And there is a requirement in the RSA to talk about a 1994 master plan. I want you to put that in there just to show what happened because we didn't pass the bill last time.

REP. CHANDLER: Can I ask --

CHAIRMAN GRAHAM: Yes, sir. Excuse me. Yeah. Senator Gallus is elect -- chose not to come back. Unfortunately, Representative Seidel wanted to come back and will not be coming back. But, again, thank you for your service. It's been a pleasure, both here and on Public Works. And as well, Admin Services, we appreciate everything you do.

MR. CONNOR: Thank you.

CHAIRMAN GRAHAM: And I do want to talk to you about a bill to do the first right of refusal.

MR. CONNOR: Okay.

SEN. LARSEN: I'd just like to thank Chairman Graham for his well-run meetings, and we all know all the work it takes to run a meeting like this, and we appreciate your service as well.

CHAIRMAN GRAHAM: With the experience around this table, I don't -- you know, it was not that difficult. Senator Rausch.

SEN. RAUSCH: I would just like to make public that I have sponsored a piece of legislation to rescind the mandate that's in House Bill 2 to sell the Laconia property and hopefully bring that property before this Committee before we do that, so I will just put that out on the record that I'd like to see it go forward.

REP. CHANDLER: Could I ask the Chairman -- and I realize time is short because -- I don't know. I'm very concerned about that right of first refusal, and I understand you have legislation coming, but can we ask for an opinion on that? Because I just think --

CHAIRMAN GRAHAM: I could ask. It's not going to come before we --

REP. CHANDLER: No, that's all right.

CHAIRMAN GRAHAM: Yeah, in time for the next one.

REP. CHANDLER: Because this Committee never approved that that way. I don't understand how we -- it got circumvented. I mean, I understand it, but it's not right.

SEN. GALLUS: It's the Government. That's all.

CHAIRMAN GRAHAM: I'll work with them to send a letter over to the Attorney General.

REP. CAMPBELL: It was written that it was circumvented. Is it Laconia we're talking about?

CHAIRMAN GRAHAM: No. No.

REP. CAMPBELL: Oh, I'm sorry.

CHAIRMAN GRAHAM: The Concord piece where they have --

REP. CAMPBELL: Laconia was written that way.

CHAIRMAN GRAHAM: -- the first right of refusal, simply acting as a broker. There is some concern whether or not that meets the requirement. And with that, I cannot schedule a new meeting, the next meeting, and I thank everybody. And this Committee will -- I won't say it. We dissolve at midnight next Tuesday. Thank you all for coming.

(Conclude at 12:00 p.m.)

C E R T I F I C A T E

I, Debra L. Mekula, a Licensed Court Reporter and Justice of the Peace of the State of New Hampshire, do hereby certify that the foregoing, to the best of my knowledge, skill and ability, is a true and accurate transcript of my stenographic notes of the Long Range Capital Planning and Utilization Committee Hearing, taken at the place and under the circumstances present on the date hereinbefore set forth.

Debra L. Mekula, LCR, RMR
Licensed Court Reporter
Registered Merit Reporter
N.H. LCR No. 26 (RSA 310-A)

Long Range Capital Planning and Utilization Committee
November 27, 2012